santee cooper

Composing a SOUND FUTURE

'13 ANNUAL REPORT

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Note: Immaterial rounding variances may occur throughout this report.

CHAIRMAN AND CEO LETTER

It's true, 2013 was an historic year in many ways for Santee Cooper. It was a year of strong results from innovative teamwork, with a sharp focus on fostering relationships and fortifying partnerships.

Decisions made in 2013 will impact Santee Cooper's financial stability, longevity, value and environmental stewardship for years to come.

Through significant collaborations and ingenuity, Santee Cooper composed a promising future, strengthening our ability to provide low-cost, reliable power to our customers and to improve the quality of life for the people of South Carolina. Our efforts earned a 97.9 percent customer satisfaction rating in 2013.

FINANCIAL STABILITY

Santee Cooper fortified its partnership with Central Electric Power Cooperative in 2013 with the signing of a multi-billion dollar, cost-saving extension to the coordination agreement between our organizations. The amendment provides that Central will purchase power from Santee Cooper through 2058 and creates a collaborative approach to power supply planning and delivery.

This extended partnership created savings that impact our direct-serve residential, commercial and industrial customers, and also benefit electric cooperative and wholesale customers. It secures a solid future for all of us.

The agreement also allowed Santee Cooper to complete the sale of $1.8 billion in bonds in the fall. The completed bond issues let us issue new debt and restructure a portion of our old debt at attractive rates. Santee Cooper realized $48.0 million in debt savings in 2013 with this bond issue.

Santee Cooper also cut $31.8 million from our non-fuel O&M budget, the result of employees strictly managing and prioritizing costs. We also saved $39.7 million in fuel costs from new initiatives implemented in 2013.

In late 2013, Santee Cooper signed new contracts with our two municipal customers, the city of Georgetown and the Bamberg Board of Public Works. Santee Cooper has provided electricity to Bamberg since 1977 and Georgetown since 1949. We are proud to continue to serve these municipalities and their residents.

Santee Cooper has the highest credit ratings among electric utilities serving South Carolina, with an AA- from Fitch and Standard & Poor's and an A1 from Moody's. Our debt-to-equity ratio remains solid at 75/25.

LONGEVITY

Together, Santee Cooper and SCE&G are working to build two new nuclear units that will generate clean energy at the V.C. Summer Nuclear Generating Station. On March 11, 2013, we hit a major milestone when we completed the first new construction nuclear concrete to be placed in the United States in three decades.

Not only is nuclear power virtually emissions free, it adds generating diversity to Santee Cooper's fuel mix. We believe an ideal generation portfolio would be approximately a 30/30/30 percent mix of coal, natural gas and nuclear, with the remaining 10 percent from hydro and other renewable power. This will enable us to provide environmentally protective, low cost, reliable power from a portfolio with maximum flexibility to respond to market conditions, for generations to come.

We also worked to sell a small part of our share of that project, to better match the capacity we'll get when the units come online to our customer needs at that time. In January 2014, we announced that SCE&G will buy five percent of the project from us, leaving Santee Cooper with a 40 percent ownership of V.C. Summer Units 2 and 3.

We generated and delivered electricity at enviable reliability rates in 2013. Our generation availability factor was 92.44, our transmission reliability rate was 99.9988 and our distribution reliability rate was 99.9964.

VALUE

Bringing industry and good jobs to the state helps improve the quality of life for all South Carolinians. In 2013, Santee Cooper invested $20.7 million in the future of our state through economic development infrastructure loans to local economic development officials and localities in our direct-serve territory and in areas served by our wholesale customers.

The loan program, approved in 2012, helps close deals and land new jobs across South Carolina. These loans will help build industrial buildings and other infrastructure, adding value with an unlimited payback to the state and the people of South Carolina.

In 2013, we approved economic development loans for 10 projects crisscrossing the state, from York to Colleton counties and including the inland port at Greer.

ENVIRONMENTAL STEWARDSHIP

Santee Cooper rounded out 2013 with the announcement of an innovative plan to use the ash currently located in ash ponds at Jefferies, Winyah and Grainger generating stations for beneficial purposes.

Beneficial use of ponded ash will provide essential material to concrete and ready mix manufacturers. By working with local manufacturers that utilize coal ash in their products, we plan to empty the ash ponds over the next 10 to 15 years.

This plan is cost-effective, which means it is responsive to our customers' best interests. It utilizes groundbreaking technology to help an important South Carolina industry be sustainable. And it is an EPA-approved use of ash.

Santee Cooper also increased renewable generation available to our customers. In September, Santee Cooper and Central Electric Power Cooperative agreed to bring online a 3 megawatt solar farm, the state's largest. We contracted with a subsidiary of The InterTech Group to build and operate the solar farm, which came online in December. We are purchasing that electricity and using generation data from the farm to learn how to integrate utility-scale solar power into a complex power system.

In short, Santee Cooper worked throughout 2013 to enrich our relationships with the state's electric cooperatives, municipalities, businesses and people of South Carolina, composing a strong, innovative, and reliable future for us all.

W. Leighton Lord III
Chairman

Lonnie N. Carter
President and CEO

CORPORATE STATISTICS

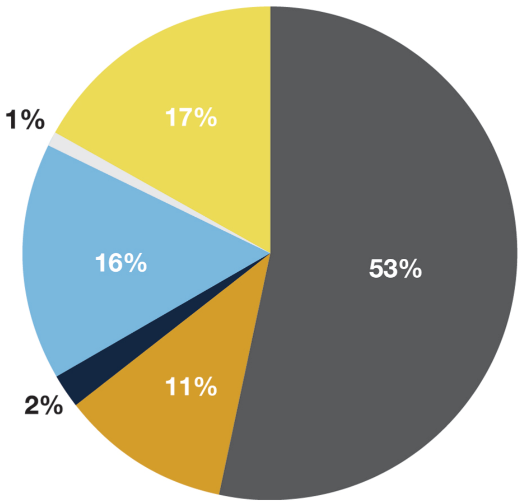
SYSTEM DATA 2013

Miles of transmission system lines:	4,941
Miles of distribution lines:	2,797
Number of transmission substations:	105
Number of distribution substations:	53
Number of CEPCI Delivery Points (DPs):	465

(This total includes DPs for the 5 Upstate cooperatives served through Duke Energy system)

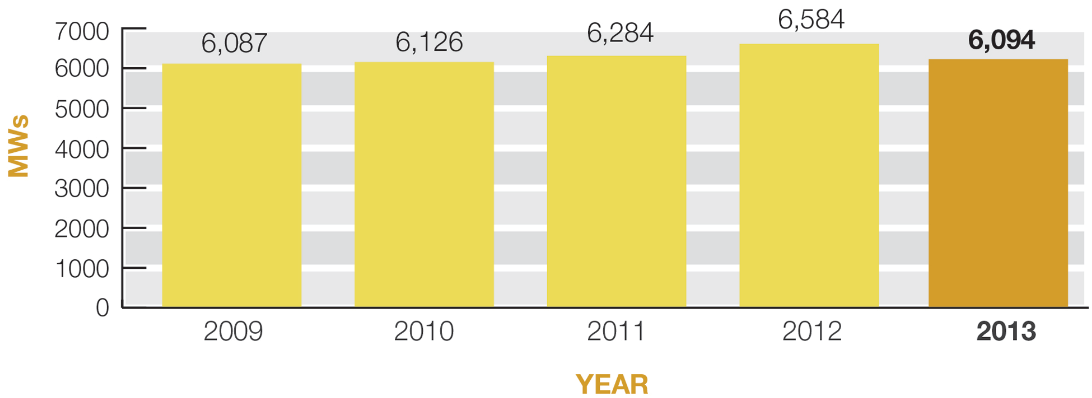
	2013	2012	2011	2010	2009
FINANCIAL (Thousands):					
Total Revenues & Income	**$ 1,823,502**	$ 1,897,135	$ 1,923,828	$ 1,895,194	$ 1,702,513
Total Expenses & Interest Charges	**1,744,960**	1,801,813	1,778,892	1,753,711	1,616,943
Other	**7,396**	9,155	5,987	(26,468)	3,883
Reinvested Earnings	**85,938**	104,477	150,923	115,015	89,453
OTHER FINANCIAL (excluding commercial paper and other):					
Debt Service Coverage (prior to Distribution to the State)	**1.52**	1.44	1.61	1.58	1.45
Debt / Equity Ratio	**75/25**	73/27	73/27	74/26	73/27
STATISTICAL:					
Number of Customers (at Year-End)					
Retail Customers	**168,813**	166,809	164,647	163,601	162,981
Military and Large Industrial	**29**	29	29	30	30
Wholesale	**4**	4	4	4	4
Total Customers	**168,846**	166,842	164,680	163,635	163,015
Generation (GWh):					
Coal	**13,949**	15,888	20,048	21,889	20,869
Nuclear	**2,788**	2,421	2,469	2,828	2,282
Hydro	**624**	271	274	450	449
Natural Gas & Oil	**4,315**	4,710	3,817	2,918	2,193
Landfill Gas & Renewables	**115**	103	115	108	91
Total Generation (GWh):	**21,791**	23,393	26,723	28,193	25,884
Purchases, Net Interchanges, etc. (GWh)	**5,335**	4,099	1,546	940	790
Wheeling, Interdepartmental and Losses (GWh)	**(762)**	(736)	(717)	(951)	(861)
Total Energy Sales (GWh)	**26,364**	26,756	27,552	28,182	25,813
Summer Maximum Continuous Rating (MCR) Generating Capability (MW)	**5,183**	5,665	5,665	5,662	5,661
Territorial Peak Demand (MW)	**5,029**	5,387	5,676	5,743	5,590

2013 GENERATION BY FUEL MIX

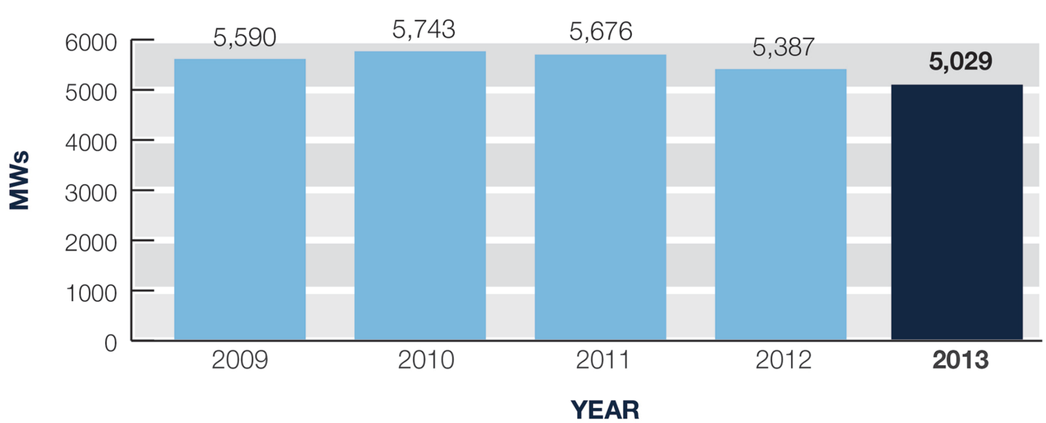


Source		GWh
COAL	53%	13,949
NUCLEAR	11%	2,788
HYDRO	2%	624
NATURAL GAS & OIL	16%	4,315
OTHER RENEWABLES	1%	115
PURCHASES (NET)	17%	4,573
	100%	**26,364**

TOTAL SUMMER CAPABILITY (MCR) WITH FIRM PURCHASES



PEAK DEMAND



AUDIT COMMITTEE CHAIRMAN'S LETTER

The Audit Committee of the Board of Directors is comprised of independent directors Cecil E. Viverette, Chairman, Kristofer Clark, William A. Finn, and Peggy H. Pinnell.*

The committee receives regular reports from members of management and Internal Audit regarding their activities and responsibilities.

The Audit Committee oversees Santee Cooper's financial reporting, internal controls and audit process on behalf of the Board of Directors.

Periodic financial statements and reports pertaining to operations and representations were received from management and the internal auditors. In fulfilling its responsibilities, the committee also reviewed the overall scope and specific plans for the respective audits by the internal auditors and the independent public accountants. The committee discussed the company's financial statements and the adequacy of its system of internal controls. The committee met with the independent public accountants and with the General Auditor to discuss the results of the audit, the evaluation of Santee Cooper's internal controls, and the overall quality of Santee Cooper's financial reporting.

Cecil E. Viverette
Chairman
2013 Audit Committee

* James R. Sanders, Jr. also served on the 2013 Audit Committee and resigned from the Board effective December 31, 2013.

MANAGEMENT'S DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL STATEMENTS

As management of the South Carolina Public Service Authority (the Authority), we offer this narrative overview and analysis of the financial activities of the Authority for the years ended December 31, 2013, 2012 and 2011. This discussion is designed to provide interested parties with a general overview of the financial position and results of operations. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Glenda Gillette, Vice President and Controller, South Carolina Public Service Authority, PO Box 2946101, Moncks Corner, SC 29461-2901. We encourage you to read this information in conjunction with additional information furnished in the Authority's audited financial statements that follow this narrative.

Combined Statements of Net Position

This statement reports all assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Assets and liabilities are presented to distinguish between current and noncurrent.

Combined Statements of Revenues, Expenses and Changes in Net Position

This statement provides the operating results of the Authority broken into the various categories of operating revenues and expenses, non-operating revenues and expenses, as well as capital contributions and transfers.

Combined Statements of Cash Flows

Sources and uses of cash are classified using the direct method resulting from operating, non-capital financing, capital financing or investing activities.

Notes to the Financial Statements

The notes are used to explain some of the information in the financial statements and provide more detailed data.

FINANCIAL CONDITION OVERVIEW

The Authority's Combined Statements of Net Position as of December 31, 2013, 2012 and 2011 are summarized as follows:

	2013	2012 (1)	2011 (1)
		(Thousands)	
ASSETS & DEFERRED OUTFLOWS OF RESOURCES			
Capital assets	**$ 6,375,051**	$ 5,947,918	$ 5,092,749
Current assets	**2,808,713**	2,288,238	2,185,137
Other noncurrent assets	**1,384,597**	1,353,413	1,105,730
Deferred outflows of resources	**139,235**	172,963	225,037
Total assets & deferred outflows of resources	**$ 10,707,596**	$ 9,762,532	$ 8,608,653
LIABILITIES & DEFERRED INFLOWS OF RESOURCES			
Long-term debt - net	**$ 6,456,379**	$ 5,413,319	$ 5,161,034
Current liabilities	**892,044**	1,072,061	900,302
Other noncurrent liabilities	**1,125,051**	1,102,894	468,111
Deferred inflows of resources	**193,995**	199,675	189,475
Total liabilities & deferred inflows of resources	**$ 8,667,469**	$ 7,787,949	$ 6,718,922
NET POSITION			
Net invested in capital assets	**$ 893,339**	$ 894,920	$ 808,092
Restricted for debt service	**92,662**	140,038	128,338
Unrestricted	**1,054,126**	939,625	953,301
Total net position	**$ 2,040,127**	$ 1,974,583	$ 1,889,731
Total liabilities, deferred inflows of resources & net position	**$ 10,707,596**	$ 9,762,532	$ 8,608,653

(1) See "Note 4 – Cash and Investments Held by Trustee and Fund Details" for information related to changes in policy and classifications regarding unrestricted and restricted cash and investments for 2012 and 2011. Also see "Note 1-L - Deferred Outflows / Deferred Inflows of Resources" for information related to the change in classifications of Deferred Inflows of Resources for 2012 and 2011.

2013 Compared to 2012

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

- Capital assets increased by $427.1 million. In 2013, capital additions of $189.2 million at several generating facilities, along with transmission construction were offset by retirements of $23.2 million. This resulted in an increase of $166.0 million in Utility plant. Long lived assets-asset retirement cost (ARC) was unchanged. Accumulated depreciation increased by $195.5 million.

  Construction work in progress showed a net increase of approximately $457.1 million, which resulted primarily from additions of $444.1 million for V.C. Summer Units 2 and 3. The remaining net increase of $13.0 million resulted from other additions and assets placed in service. Other physical property decreased by $476,000.

- Current assets increased $520.5 million due primarily to additions of $490.1 million in Unrestricted and Restricted cash, cash equivalents and investments. The changes resulted from the 2013 bond activity impact on construction funds and the net impact of changes in revenue and operating funds from operating activities. Nuclear fuel inventory increased by $78.7 million due to purchases and accruals, offset by amortization expense for fuel burned at V.C. Summer Unit 1. The remaining $48.3 million was a decrease resulting from the net change in Receivables, Materials inventory, Fossil fuel inventory, Interest receivable and Prepaid expenses and other current assets.

- Other noncurrent assets increased $31.2 million due to Unamortized debt expenses of $3.5 million resulting from additions for current year bond activity, offset by amortization and partial removals for refunding issues. Costs to be recovered from future revenues (CTBR) increased by $7.4 million primarily due to the 2013 bond activity. Asset retirement obligation rose by $59.1 million due to accretion on nuclear and ash pond assets. A reduction in Restricted cash, cash equivalents and investments of $3.9 million in the Nuclear Decommissioning Trust resulted from the net impact of additional funding and investment activity. The remaining $34.9 million is a decrease resulting from the changes in Investment in associated companies and Other noncurrent assets and regulatory assets.

- Deferred outflows of resources decreased by $33.7 million due to a $15.5 million reduction in Accumulated decrease in fair value of hedging derivatives, resulting from a reduced loss value and the roll off of legacy hedges in 2013. Unamortized loss on refunded and defeased debt decreased by $18.2 million due to amortization, additions and removals from current year bond activity.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

- Net long-term debt increased $1,043.1 million due to additions in Long-term debt of $1,090.9 million from 2013 bond activity and a long-term nuclear fuel payable for V.C. Summer Unit 3. Offsetting this was a decrease in Unamortized debt discounts and premiums of $47.8 million due to amortization, additions and removals related to current year bond activity.

- Current liabilities decreased $180.0 million due to a reduction of $201.2 million in Current portion of long-term debt and $8.3 million in Accrued interest on long-term debt. The change resulted from principal and interest payments and refunding bond activity. A $42.8 million increase in Commercial paper resulted from issues of $284.9 million and paydowns of $242.1 million. Accounts payable decreased by $12.8 million. The remaining change of approximately $500,000 is associated with Other current liabilities.

- Other noncurrent liabilities increased $22.2 million resulting from changes in Asset retirement obligation liability by $21.9 million due to accretion on nuclear and ash pond liabilities. Construction fund liabilities increased by $1.2 million primarily due to the activity related to environmental projects, partially offset by a decrease of approximately $900,000 in Other credits and noncurrent liabilities.

- Deferred inflows of resources decreased $5.7 million due to a reduction in nuclear decommissioning costs of $10.4 million resulting from additional funding and net investment activity including market value adjustments. Accumulated increase in fair value of hedging derivatives increased by $4.7 million due to differing market conditions between the periods.

- Net position increased by $65.5 million due to additions of $114.5 million in Unrestricted resulting from changes in unrestricted investments, current portion of long-term debt and commercial paper related to noncapital assets. These changes were offset by variances in other noncurrent assets and long-term debt-net of current portion related to noncapital assets. The increase in Net position was partially offset by a decrease of $1.6 million in Net investment in capital assets due to a reduction in long-term debt and commercial paper related to capital assets, and asset retirement obligation liability. It was offset by a higher change in capital assets and current portion of long-term debt related to capital assets. Restricted for debt service decreased by $47.4 million mainly due to a decrease in bond funds.

2012 Compared to 2011

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

- Capital assets increased by $855.2 million. In 2012, Utility plant increased by $20.0 million resulting from capital additions at several generating facilities, along with transmission construction, offset by retirements of the Grainger Units 1 and 2 and Jefferies Units 3 and 4. Grainger retirements totaled $35.7 million, representing approximately 75 percent of that plant's assets. Jefferies retirements totaled $63.1 million, representing approximately 83 percent of that plant's (steam) assets. Long lived assets-asset retirement cost (ARC) increased by $474.3 million. Accumulated depreciation increased by $51.8 million.

  Construction work in progress showed a net increase of approximately $412.7 million, which resulted primarily from additions of $419.5 million for V.C. Summer Units 2 and 3. The remaining $6.8 million decrease resulted from other additions and assets placed in service.

- Current assets increased $103.1 million due primarily to additions of $109.8 million in Unrestricted and Restricted cash, cash equivalents and investments in construction funds. The changes were offset by decreases in revenue and operating funds resulting from operating activity. The remaining $6.7 million was a decrease resulting from the net change in Receivables, Materials inventory, Fossil fuel inventory, Nuclear fuel inventory, Interest receivable and Prepaid expenses and other current assets.

- Other noncurrent assets increased $247.7 million due to additional funding and investment activity in the Nuclear Decommissioning Trust resulting from $6.9 million in Restricted cash, cash equivalents and investments. Unamortized debt expenses decreased by $1.3 million due to amortization, addition and removals for current year bond activity. CTBR increased by $9.1 million primarily due to the 2012 bond activity. Asset retirement obligation rose by $183.3 million resulting from the catch-up accretion associated with adding new layers of nuclear and ash pond asset retirement costs. Other noncurrent and regulatory assets increased by $51.1 million primarily due to the deferral of new nuclear interest expense. The remaining $1.4 million is a decrease related to Investment in associated companies.

- Deferred outflows of resources decreased by $52.1 million due to a $31.2 million reduction in Unamortized loss on refunded and defeased debt due to amortization, additions and removals related to current year bond activity. Accumulated decrease in fair value of hedging derivatives was $20.9 million less resulting from the change in losses.

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

- Net long-term debt increased $252.3 million due to an increase in Long-term debt of $220.0 million for 2012 bond activity and a net $32.3 million decrease in Unamortized debt discounts and premiums due to amortization, additions and removals related to current year bond activity.

- Current liabilities increased $171.8 million due to the change in Current portion of long-term debt of $176.8 million, offset by a decrease in Accrued interest on long-term debt of $7.3 million resulting from principal and interest payments and refunding bond activity. The net change of $22.7 million in Commercial paper resulted from issues of $144.3 million and paydowns of $121.6 million. Accounts payable showed a reduction of $2.8 million. A decrease of $17.6 million in Other current liabilities was due to reductions in the Central Cost of Service liability, V. C. Summer Unit 1 accrued reloading expense and current/noncurrent derivative instrument regulatory assets and liabilities.

- Other noncurrent liabilities increased $634.8 million due primarily to additions of $654.8 million in the Asset retirement obligation liability for nuclear and ash ponds slightly offset by related accretion expense. Construction fund liabilities was reduced by $4.2 million related to the cancellation of the Pee Dee project. Other credits and noncurrent liabilities decreased by $15.8 million resulting mainly from a reduction in the market values for the derivative hedges between 2012 and 2011, offset by increases in Unamortized gain on defeased debt from the 2012 bond activity and Unfunded pension and other post employment benefit costs.

- Deferred inflows of resources rose by $10.2 million due to an addition of $1.3 million in Accumulated increase in fair value of hedging derivatives resulting from more hedging activity and a change in the gas market between 2012 and 2011. Nuclear decommissioning costs increased by $8.9 million due to additional funding and net investment activity including market value adjustments.

- Net position increased by $84.9 million primarily due to changes of $86.8 million in Net investment in capital assets resulting from increases in capital assets, long-term debt related to capital assets, asset retirement obligation liability and construction work in progress. Restricted for debt service increased by $11.7 million due to the net of debt service payments, additional funding deposits and accrued interest on long-term debt. These changes were offset by a decrease in the Unrestricted category of $13.7 million from changes in the unrestricted cash and cash equivalents, CTBR and long-term debt-net of current portion related to noncapital assets.

RESULTS OF OPERATIONS

The Authority's Combined Statements of Revenues, Expenses and Changes in Net Position for years ended December 31, 2013, 2012 and 2011 are summarized as follows:

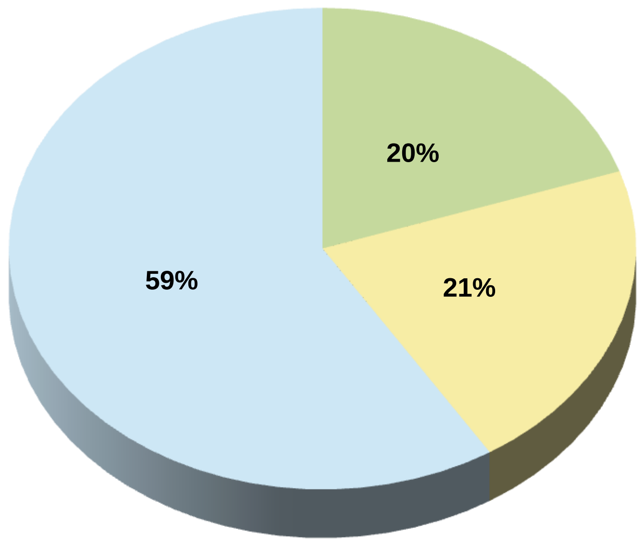
	2013	2012	2011
		(Thousands)	
Operating revenues	**$ 1,816,576**	$ 1,887,797	$ 1,914,689
Operating expenses	**1,524,182**	1,571,480	1,556,162
Operating income	**292,394**	316,317	358,527
Interest charges	**(220,778)**	(230,333)	(222,730)
Costs to be recovered from future revenue	**7,396**	9,155	5,987
Other income	**6,926**	9,338	9,139
Capital contributions & transfers	**(20,394)**	(19,625)	(18,656)
Change in net position	**$ 65,544**	$ 84,852	$ 132,267
Ending net position	**$ 2,040,127**	$ 1,974,583	$ 1,889,731

2013 Compared to 2012

OPERATING REVENUES

Compared to 2012, combined operating revenues decreased $71.2 million (4%). This was due primarily to lower electric fuel rate revenues, kWh sales, demand usage and the cumulative impact between the 2013 and 2012 Central Cost of Service (COS) adjustments.

2013 Revenues from Sales of Electricity* by Customer Class



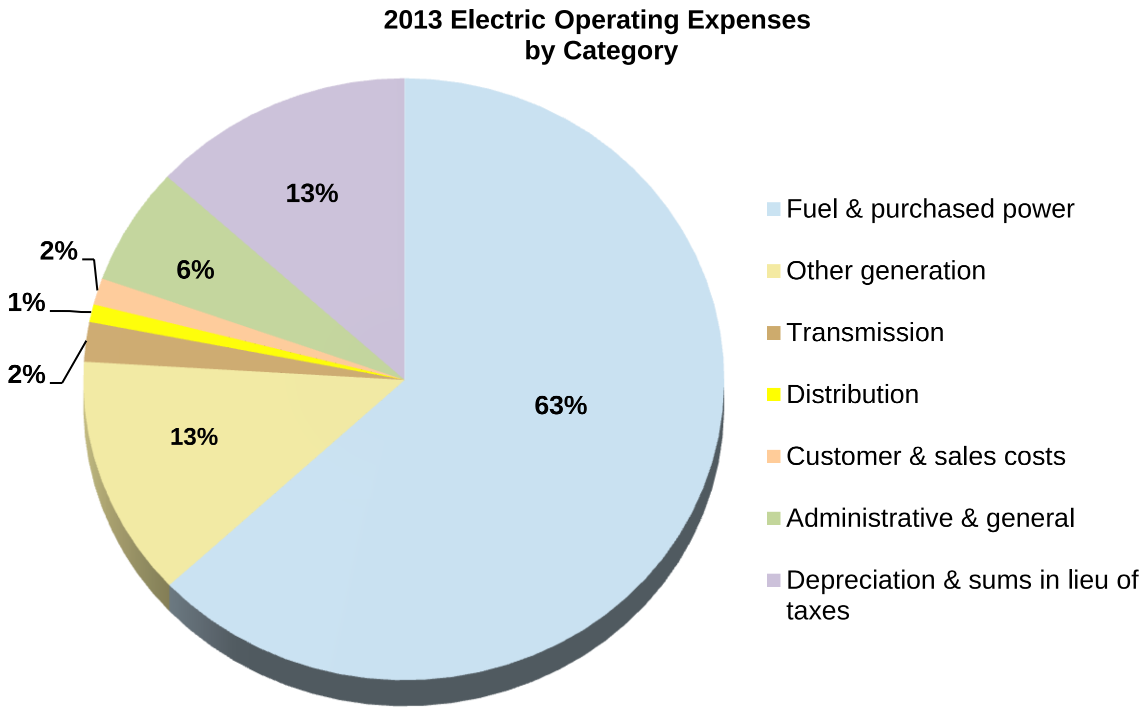
	2013	2012	2011
Revenues from Sales of Electricity*		(Thousands)	
Retail	**$ 355,598**	$ 334,399	$ 349,618
Industrial	**381,689**	389,742	415,309
Sales for resale	**1,058,943**	1,144,224	1,129,444
Totals	**$ 1,796,230**	$ 1,868,365	$ 1,894,371

*Excludes interdepartmental sales of $442 for 2013, $444 for 2012 and $475 for 2011.

Energy sales for 2013 totaled 26.4 million megawatt hours (MWh) compared to approximately 26.8 million MWh for 2012 with decreases in all categories except retail.

OPERATING EXPENSES

Combined operating expenses for 2013 reflected a net decrease of $47.3 million (3%) compared to 2012. Fuel and purchased power expenses decreased by $31.9 million due to higher nuclear generation in the fuel mix. Non-fuel generation was lower by $26.9 million for expenses related to labor, materials and contract services. Offsetting these variances was an increase in administration and general by $1.4 million resulting from labor and benefits. Depreciation expense and sums in lieu of taxes increased $9.7 million due primarily to unitization of prior years' assets. The net difference for the remaining categories is approximately $400,000 higher than the prior year.



	2013	2012	2011
Electric Operating Expenses		(Thousands)	
Fuel & purchased power	**$ 958,566**	$ 990,434	$ 1,003,377
Other generation	**195,788**	222,714	207,737
Transmission	**32,211**	31,612	30,989
Distribution	**14,439**	15,285	14,832
Customer & sales costs	**21,672**	21,463	20,176
Administrative & general	**95,839**	94,451	86,327
Depreciation & sums in lieu of taxes	**201,143**	191,469	188,802
Totals	**$ 1,519,658**	$ 1,567,428	$ 1,552,240

NET BELOW-THE-LINE ITEMS

- Interest charges for 2013 were $9.5 million (4%) lower than 2012 resulting primarily from the impact of the 2013 bond activity.

- CTBR expense increased by $1.8 million when compared to prior year primarily due to the lower depreciation and principal components resulting from the 2013 refunding and improvement bond activity.

- Other income decreased $2.4 million mainly due to less interest income and a 2012 gain on sale of coal cars with no similar transaction in 2013.

- The $769,000 increase in Capital contributions & transfers represents dollars paid to the State. This payment is based on a percentage of total budgeted revenues which was higher in the 2013 budget compared to the 2012 budget.

2012 Compared to 2011

OPERATING REVENUES

Compared to 2011, Operating revenues for 2012 decreased $26.9 million (1%). This was due primarily to lower demand revenues and a 3 percent reduction in kWh sales. Energy sales for 2012 totaled 26.8 million MWh compared to approximately 27.6 million MWh for 2011 with decreases in all categories except industrial.

OPERATING EXPENSES

Operating expenses for 2012 reflected a net increase of $15.3 million (1%) compared to 2011. Fuel and purchased power expenses accounted for approximately 63 percent of the current year's electric operating expenses and decreased approximately one percent compared to last year. The Authority manages fuel costs with a combination of long-term and short-term contracts, a fuel related risk hedging program and the blend of a variety of fuels (natural gas, oil, nuclear and coal). Compared to 2011, fuel and purchased power expense was $12.9 million lower due to reduced kWh sales and a shift in generation mix to nuclear and natural gas. Other generation operating and maintenance costs increased by approximately $15.0 million. The increase resulted primarily from station outages and the write-off of material inventory associated with the closure of Grainger Units 1 and 2 and Jefferies Units 3 and 4 ($6.5 million).

NET BELOW-THE-LINE ITEMS

- Interest charges for 2012 were $7.6 million (3%) higher than 2011 primarily resulting from the impact of the 2011 and 2012 bond activity.

- CTBR expense decreased by $3.2 million when compared to last year primarily due to the removal of Grainger Units 1 and 2 and Jefferies Units 3 and 4 from the CTBR regulatory asset.

- Other income increased $199,000 mainly due to income from the sale of coal cars, offset by lower interest income.

- The $969,000 increase in Capital contributions & transfers mainly represents dollars paid to the State. This payment is based on a percentage of total budgeted revenues which was higher in the 2012 budget compared to the 2011 budget.

CAPITAL IMPROVEMENT PROGRAM

The purpose of the capital improvement program is to continue to meet the energy and water needs of the Authority's customers with economical and reliable service. The Authority's three-year budget for the capital improvement program approved in 2013, 2012 and 2011 was as follows:

	2013	2012	2011
	Budget 2014-16	Budget 2013-15	Budget 2012-14
Capital Improvement Expenditures		(Thousands)	
Environmental Compliance	$ 118,668	$ 165,300	$ 71,600
General Improvements to the System	596,558	666,700	627,100
V.C. Summer Units 2 and 3	1,737,609	1,783,100	1,844,600
Totals	$ 2,452,835	$ 2,615,100	$ 2,543,300

As determined by the Authority, the cost of the capital improvement program will be provided from Revenues, additional Revenue Obligations, commercial paper and other short-term obligations.

ECONOMIC FACTORS

The Authority and the electric industry continued to face economic and industry challenges that impact the competitiveness and financial condition of the utility. As market conditions fluctuate, the Authority's mission is to deliver low-cost and reliable electricity to its customers.

During the year the Authority and its largest customer, Central Electric Power Cooperative, signed an amendment to their purchase power agreement that extends its term to 2058. In addition to potential cost savings, the contract provides more stability and certainty to the credit agencies as they rate the Authority's bonds going forward.

The Authority continues to look for ways to lower fuel cost by diversifying its fuel mix between coal, natural gas and nuclear power, with additional generation coming from hydro and renewable resources. The construction of the two new 1,100 MW nuclear generating units is in full swing. Nuclear power features low fuel costs that will make this generation cost-effective for the long haul, as well as, improves our fuel diversity by providing additional emissions-free environmental benefits. The Authority has about 130 MW of renewable energy online or under contract, including about 40 MW of biomass from two plants in Allendale and Dorchester counties. In addition, the state's largest solar farm was constructed in Colleton County and the Authority will purchase electricity from this site.

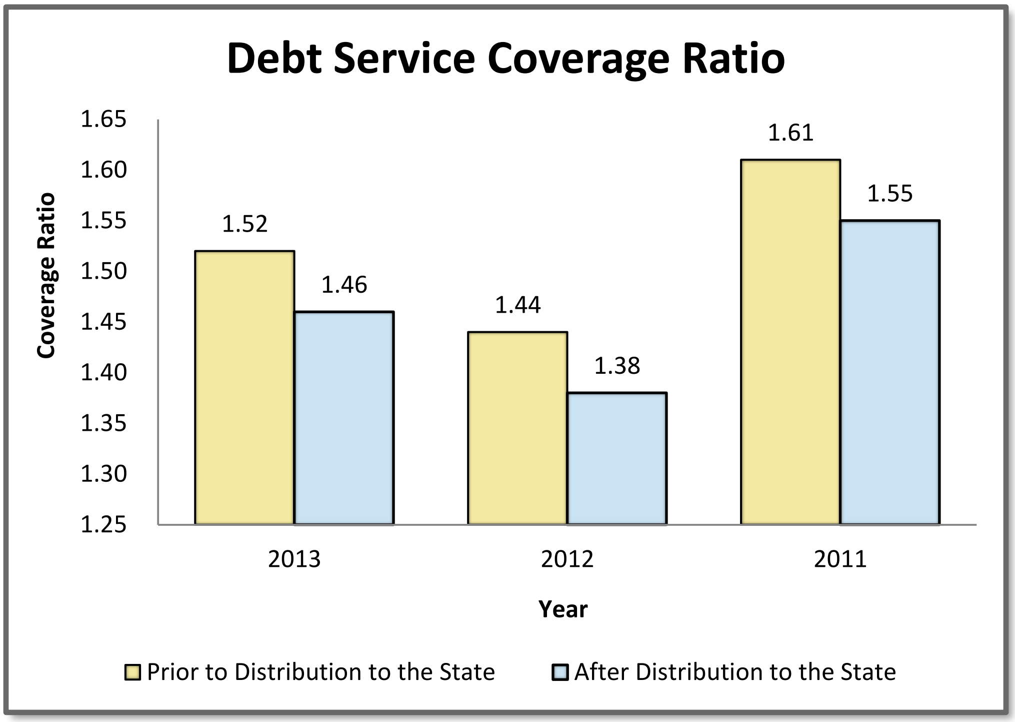
The Authority executed a $1.8 billion bond issue in 2013, the largest in its history, as well as in the state of South Carolina. This was largely in response to the signing of the amended Central agreement. The Authority set two goals with its bond issues: to finance capital projects, primarily the Authority's share of construction costs for two new nuclear power units at V.C. Summer and to refinance existing debt over a longer time frame to better match the life of its assets.

The loan program created in 2012 is continuing to help build industrial buildings and other infrastructure that will benefit the residents of South Carolina. The Authority's Board approved $14.7 million in loans in 2013 to local governments and nonprofit economic development organizations in Electric Cooperative service territories across the State. In addition, the Authority loaned $6.0 million to local governments under the loan program.

The Authority continues to provide benefit to its customers and the residents of the State by managing its costs, diversifying its fuel mix to include biomass and solar and restructuring a portion of existing debt at attractive rates over a longer period to reduce annual debt service costs. The Authority also remains dedicated to being a leader in economic development in South Carolina.

DEBT SERVICE COVERAGE

The Authority's debt service coverage (excluding commercial paper and other) for years ended December 31, 2013, 2012 and 2011 is shown below:



BOND RATINGS

Bond ratings assigned by the various agencies at December 31, 2013, 2012 and 2011 were as follows:

Agency / Lien Level	2013	2012	2011
Fitch Ratings			
Revenue Obligations	**AA-**	AA-	AA
Commercial Paper	**F1+**	F1+	F1+
Moody's Investors Service, Inc.			
Revenue Obligations	**A1**	Aa3	Aa3
Commercial Paper	**P-1**	P-1	P-1
Standard & Poor's Rating Services			
Revenue Obligations	**AA-**	AA-	AA-
Commercial Paper	**A-1**	A-1	A-1+
Taxable LIBOR Index Bonds	**SP-1+**	SP-1+	SP-1+

Bond Market Transactions for Years 2013, 2012 and 2011

YEAR 2013

Revenue Obligations: 2013 Series M1 - Current Interest Bearing Bonds (CIBS)		**Par Amount:**	$	18,219,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**		May 23, 2013
Comments:	Tax-exempt minibonds			
Revenue Obligations: 2013 Series M1 - Capital Appreciation Bonds (CABS)		**Par Amount:**	$	5,035,800
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**		May 23, 2013
Comments:	Tax-exempt minibonds			
Revenue Obligations: 2013 Tax-exempt Series A		**Par Amount:**	$	252,655,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**		August 21, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.32 percent			
Revenue Obligations: 2013 Tax-exempt Refunding Series B		**Par Amount:**	$	388,730,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A, 2004 Series A, 2006 Series A, 2007 Series A, 2008 Taxable Series B, 2009 Series B, 2011 Taxable Series A (LIBOR Index) and 2012 Series D	**Date Closed:**		August 21, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.32 percent			
Revenue Obligations: 2013 Taxable Series C		**Par Amount:**	$	250,000,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A and 2008 Taxable Series B	**Date Closed:**		August 21, 2013
Comments:	Taxable bonds with an all-in true interest cost of 5.83 percent			
Revenue Obligations: 2013 Taxable Series D (LIBOR Index Bonds)		**Par Amount:**	$	450,000,000
Purpose:	Refund a portion of the following: 2008 Taxable Series B, 2011 Taxable Series A (LIBOR Index) and 2012 Refunding Series C	**Date Closed:**		August 21, 2013
Comments:	Taxable bonds with variable interest rate set monthly based on the London Interbank Offered Rate (LIBOR) plus 87.5 - 110.0 basis points			
Revenue Obligations: 2013 Tax-exempt Series E		**Par Amount:**	$	506,765,000
Purpose:	To finance a portion of the Authority's ongoing capital program	**Date Closed:**		October 4, 2013
Comments:	Tax-exempt bonds with an all-in true interest cost of 5.34 percent			

YEAR 2012

Revenue Obligations: 2012 Refunding Series A		Par Amount:	$	99,405,000
Purpose:	Refund a portion of the following: 2003 Refunding Series A and 2004 Series A	Date Closed:		February 9, 2012
Comments:	Gross savings of $17.3 million over the life of the bonds			
Revenue Obligations: 2012 Refunding Series B		Par Amount:	$	32,325,000
Purpose:	Refund a portion of the following: 2002 Refunding Series A	Date Closed:		April 5, 2012
Comments:	Gross savings of $8.0 million over the life of the bonds			
Revenue Obligations: 2012 Tax-exempt Series D		Par Amount:	$	312,160,000
Purpose:	To finance a portion of the tax-exempt construction for Cross Unit 4, Capital Transmission, New Source Review, Nuclear Transmission and V.C. Summer Units 2 and 3	Date Closed:		April 26, 2012
Comments:	Tax-exempt bonds with an all-in true interest cost of 4.30 percent			
Revenue Obligations: 2012 Taxable Series E		Par Amount:	$	262,830,000
Purpose:	To finance a portion of the taxable construction for V.C. Summer Units 2 and 3	Date Closed:		April 26, 2012
Comments:	Taxable bonds with an all-in true interest cost of 4.27 percent			
Revenue Obligations: 2012 Series M1 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$	17,572,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		May 17, 2012
Comments:	Tax-exempt minibonds			
Revenue Obligations: 2012 Series M1 - Capital Appreciation Bonds (CABS)		Par Amount:	$	3,565,800
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		May 17, 2012
Comments:	Tax-exempt minibonds			
Revenue Obligations: 2012 Refunding Series C		Par Amount:	$	119,145,000
Purpose:	Refund a portion of the following: 2002 Refunding Series D	Date Closed:		October 9, 2012
Comments:	Gross savings of $20.0 million over the life of the bonds			
Revenue Obligations: 2012 Series M2 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$	14,683,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		November 20, 2012
Comments:	Tax-exempt minibonds			
Revenue Obligations: 2012 Series M2 - Capital Appreciation Bonds (CABS)		Par Amount:	$	3,504,400
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:		November 20, 2012
Comments:	Tax-exempt minibonds			

Bond Market Transactions for Years 2013, 2012 and 2011 (continued)

YEAR 2011

Revenue Obligations: 2011 Series M1 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 20,624,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 13, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Series M1 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 5,537,400
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	May 13, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Taxable Series A (LIBOR Index Bonds)		Par Amount:	$ 336,632,000
Purpose:	To refund the Revenue Obligations 2010 Series A bonds, to retire certain commercial paper notes of the Authority and to fund a portion of the Authority's ongoing capital program and miscellaneous improvements	Date Closed:	June 23, 2011
Comments:	Taxable bonds with variable interest rate set monthly based on the London Interbank Offered Rate (LIBOR) plus 38 - 70 basis points		
Revenue Obligations: 2011 Refunding Series B		Par Amount:	$ 288,515,000
Purpose:	Refund a portion of the following: 2002 Refunding Series D and 2004 Series A	Date Closed:	September 1, 2011
Comments:	Gross savings of $23.8 million over the life of the bonds		
Revenue Obligations: 2011 Refunding Series C		Par Amount:	$ 135,855,000
Purpose:	Refund a portion of the following: 2002 Series B and 2007 Series A	Date Closed:	October 11, 2011
Comments:	Gross savings of $9.4 million over the life of the bonds		
Revenue Obligations: 2011 Series M2 - Current Interest Bearing Bonds (CIBS)		Par Amount:	$ 17,205,500
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	November 8, 2011
Comments:	Tax-exempt minibonds		
Revenue Obligations: 2011 Series M2 - Capital Appreciation Bonds (CABS)		Par Amount:	$ 4,668,000
Purpose:	To finance a portion of the Authority's ongoing capital program	Date Closed:	November 8, 2011
Comments:	Tax-exempt minibonds		

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Cherry Bekaert LLP
CPAs & Advisors

Report of Independent Auditor

The Advisory Board and Board of Directors
South Carolina Public Service Authority
Moncks Corner, South Carolina

Report on the Financial Statements

We have audited the accompanying combined financial statements of the South Carolina Public Service Authority (the "Authority") (a component unit of the state of South Carolina), which comprise the combined statements of net position as of December 31, 2013 and 2012, and the related combined statements of revenues, expenses, and changes in net position and cash flows for each of the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of December 31, 2013 and 2012, and results of its operations and its cash flow for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Emphasis of Matter
As discussed in Note 4 to the financial statements, the Authority has elected to change its accounting policy for how it classifies restricted and unrestricted cash and investments in 2013. Also, as discussed in Note 1-L to the financial statements with respect to deferred inflows of resources, the 2012 financial statements have been restated. Our opinion is not modified with respect to either of these matters.

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis be presented to supplement the combined financial statements. Such information, although not a part of the combined financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the combined financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the combined financial statements, and other knowledge we obtained during our audit of the combined financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the combined financial statements as a whole. The Chairman and CEO Letter, Corporate Statistics, Audit Committee Chairman's Letter, Leadership, and Office Locations as listed in the table of contents of the annual report are presented for purposes of additional analysis and are not a required part of the combined financial statements. Such information has not been subjected to the auditing procedures applied in our audits of the combined financial statements, and accordingly, we do not express an opinion on them.

Cherry Bekaert LLP

Raleigh, North Carolina
February 21, 2014

Combined Statements of Net Position

South Carolina Public Service Authority

As of December 31, 2013 and 2012

	2013	2012
	(Thousands)	
ASSETS		
Current assets		
Unrestricted cash and cash equivalents	$ 172,738	$ 203,591
Unrestricted investments	526,584	335,053
Restricted cash and cash equivalents	182,455	273,542
Restricted investments	762,650	342,191
Receivables, net of allowance for doubtful accounts of $1,315 and $1,333 at December 31, 2013 and 2012, respectively	189,092	205,034
Materials inventory	113,865	106,333
Fuel inventory		
Fossil fuels	446,998	483,407
Nuclear fuel-net	163,147	84,470
Interest receivable	2,664	1,731
Prepaid expenses and other current assets	248,520	252,886
Total current assets	2,808,713	2,288,238
Noncurrent assets		
Restricted cash and cash equivalents	1,535	1,911
Restricted investments	109,060	112,535
Capital assets		
Utility plant	6,910,962	6,744,928
Long lived assets-asset retirement cost	507,394	507,394
Accumulated depreciation	(3,150,020)	(2,954,471)
Total utility plant-net	4,268,336	4,297,851
Construction work in progress	2,100,631	1,643,507
Other physical property-net	6,084	6,560
Investment in associated companies	6,840	8,124
Unamortized debt expenses	36,473	32,951
Costs to be recovered from future revenue	227,561	220,165
Regulatory asset-asset retirement obligation	603,663	544,583
Other noncurrent and regulatory assets	399,465	433,144
Total noncurrent assets	7,759,648	7,301,331
Total assets	$ 10,568,361	$ 9,589,569
DEFERRED OUTFLOWS OF RESOURCES		
Accumulated decrease in fair value of hedging derivatives	$ 19,367	$ 34,891
Unamortized loss on refunded and defeased debt	119,868	138,072
Total deferred outflows of resources	$ 139,235	$ 172,963
Total assets & deferred outflows of resources	$ 10,707,596	$ 9,762,532

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Net Position (continued)

South Carolina Public Service Authority
As of December 31, 2013 and 2012

	2013	2012
	(Thousands)	
LIABILITIES		
Current liabilities		
Current portion of long-term debt	$ 133,671	$ 334,842
Accrued interest on long-term debt	100,159	108,465
Commercial paper	372,073	329,283
Accounts payable	216,163	228,958
Other current liabilities	69,978	70,513
Total current liabilities	892,044	1,072,061
Noncurrent liabilities		
Construction liabilities	3,616	2,428
Asset retirement obligation liability	1,024,253	1,002,313
Total long-term debt (net of current portion)	6,313,821	5,222,951
Unamortized debt discounts and premiums	142,558	190,368
Long-term debt-net	6,456,379	5,413,319
Other credits and noncurrent liabilities	97,182	98,153
Total noncurrent liabilities	7,581,430	6,516,213
Total liabilities	$ 8,473,474	$ 7,588,274
DEFERRED INFLOWS OF RESOURCES		
Accumulated increase in fair value of hedging derivatives	$ 8,146	$ 3,423
Nuclear decommissioning costs	185,849	196,252
Total deferred inflows of resources	$ 193,995	$ 199,675
NET POSITION		
Net invested in capital assets	$ 893,339	$ 894,920
Restricted for debt service	92,662	140,038
Unrestricted	1,054,126	939,625
Total net position	$ 2,040,127	$ 1,974,583
Total liabilities, deferred inflows of resources & net position	$ 10,707,596	$ 9,762,532

Combined Statements of Revenues, Expenses and Changes in Net Position

South Carolina Public Service Authority
Years Ended December 31, 2013 and 2012

	2013	2012
	(Thousands)	
Operating revenues		
Sale of electricity	$ **1,796,230**	$ 1,868,365
Sale of water	**7,282**	6,594
Other operating revenue	**13,064**	12,838
Total operating revenues	**1,816,576**	1,887,797
Operating expenses		
Electric operating expenses		
Production	**104,740**	103,655
Fuel	**741,255**	829,085
Purchased and interchanged power	**217,311**	161,349
Transmission	**24,555**	24,080
Distribution	**10,727**	10,625
Customer accounts	**15,656**	15,660
Sales	**6,016**	5,803
Administrative and general	**91,792**	90,501
Electric maintenance expense	**106,463**	135,201
Water operation expense	**2,502**	2,217
Water maintenance expense	**890**	713
Total operation and maintenance expenses	**1,321,907**	1,378,889
Depreciation	**196,812**	187,382
Sums in lieu of taxes	**5,463**	5,209
Total operating expenses	**1,524,182**	1,571,480
Operating income	**292,394**	316,317
Nonoperating revenues (expenses)		
Interest and investment revenue	**3,945**	4,892
Net decrease in the fair value of investments	**(2,320)**	(2,966)
Interest expense on long-term debt	**(221,067)**	(215,414)
Interest expense on commercial paper and other	**(4,063)**	(3,135)
Amortization expense	**4,352**	(11,784)
Costs to be recovered from future revenue	**7,396**	9,155
U.S. Treasury subsidy on Build America Bonds	**7,486**	8,132
Other-net	**(2,185)**	(720)
Total nonoperating revenues (expenses)	**(206,456)**	(211,840)
Income before transfers	**85,938**	104,477
Capital contributions & transfers		
Distribution to the State	**(20,394)**	(19,617)
Reduction in water system equity	**0**	(8)
Total capital contributions & transfers	**(20,394)**	(19,625)
Change in net position	**65,544**	84,852
Total net position-beginning	**1,974,583**	1,889,731
Total net position-ending	$ **2,040,127**	$ 1,974,583

The accompanying notes are an integral part of these combined financial statements.

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Combined Statements of Cash Flows

South Carolina Public Service Authority

Years Ended December 31, 2013 and 2012

	2013	2012
	(Thousands)	
Cash flows from operating activities		
Receipts from customers	**$ 1,832,536**	$ 1,891,420
Payments to non-fuel suppliers	**(262,973)**	(516,867)
Payments for fuel	**(736,022)**	(821,705)
Purchased power	**(217,386)**	(158,122)
Payments to employees	**(158,002)**	(159,670)
Other receipts-net	**272,613**	213,252
Net cash provided by operating activities	**730,766**	448,308
Cash flows from non-capital related financing activities		
Distribution to the State	**(20,394)**	(19,617)
Reduction in water system equity	**0**	(8)
Net cash used in non-capital related financing activities	**(20,394)**	(19,625)
Cash flows from capital-related financing activities		
Proceeds from sale of bonds	**1,866,374**	865,190
Proceeds from issuance of commercial paper notes	**284,897**	144,331
Repayment of commercial paper notes	**(242,107)**	(121,614)
Refunding / defeasance of long-term debt	**(856,621)**	(319,225)
Repayment of long-term debt	**(167,412)**	(151,210)
Interest paid on long-term debt	**(279,148)**	(265,682)
Interest paid on commercial paper and other	**(5,983)**	(5,000)
Construction and betterments of utility plant	**(730,119)**	(488,236)
Bond issuance and other related costs	**(34,217)**	50,120
Other - net	**(60,487)**	(23,048)
Net cash used in capital-related financing activities	**(224,823)**	(314,374)
Cash flows from investing activities		
Net (decrease)/increase in investments	**(610,834)**	35,440
Interest on investments	**2,969**	5,311
Net cash (used in)/provided by investing activities	**(607,865)**	40,751
Net (decrease)/increase in cash and cash equivalents	**(122,316)**	155,060
Cash and cash equivalents-beginning	**479,044**	323,984
Cash and cash equivalents-ending	**$ 356,728**	$ 479,044

The accompanying notes are an integral part of these combined financial statements.

Combined Statements of Cash Flows (continued)

South Carolina Public Service Authority
Years Ended December 31, 2013 and 2012

	2013	2012
	(Thousands)	
Reconciliation of operating income to net cash provided by operating activities		
Operating income	**$ 292,394**	$ 316,317
Adjustments to reconcile operating income to net cash provided by operating activities		
Depreciation	**196,812**	187,382
Amortization of nuclear fuel	**28,500**	21,813
Net power gains involving associated companies	**(25,243)**	(44,686)
Distributions from associated companies	**22,444**	42,117
Advances to associated companies	**(4)**	(6)
Other income and expense	**12,895**	14,653
Changes in assets and liabilities		
Accounts receivable-net	**15,942**	3,576
Inventories	**28,877**	7,223
Prepaid expenses	**23,491**	3,844
Other deferred debits	**73,245**	1,550
Accounts payable	**58,992**	(71,911)
Other current liabilities	**319**	(17,011)
Other noncurrent liabilities	**2,102**	(16,553)
Net cash provided by operating activities	**$ 730,766**	$ 448,308
Composition of cash and cash equivalents		
Current		
Unrestricted cash and cash equivalents	**$ 172,738**	$ 203,591
Restricted cash and cash equivalents	**182,455**	273,542
Noncurrent		
Restricted cash and cash equivalents	**1,535**	1,911
Cash and cash equivalents at the end of the year	**$ 356,728**	$ 479,044

NOTES

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

A - Reporting Entity - The South Carolina Public Service Authority (the Authority or Santee Cooper), a component unit of the State of South Carolina, was created in 1934 by the State legislature. The Santee Cooper Board of Directors (Board) is appointed by the Governor of South Carolina with the advice and consent of the Senate. The purpose of the Authority is to provide electric power and wholesale water to the people of South Carolina. Capital projects are funded by bonds, commercial paper and internally generated funds. As authorized by State law, the Board sets rates charged to customers to pay debt service and operating expenses and to provide funds required under bond covenants.

B - System of Accounts - The accounting records of the Authority are maintained on an accrual basis in accordance with accounting principles generally accepted in the United States (GAAP) issued by the Governmental Accounting Standards Board (GASB) applicable to governmental entities that use proprietary fund accounting and the Financial Accounting Standards Board (FASB) that do not conflict with rules issued by the GASB.

The Authority's combined financial statements include the accounts of the Lake Moultrie and Lake Marion Regional Water Systems after elimination of inter-company accounts and transactions. The accounts are maintained substantially in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission (FERC) for the electric system and the National Association of Regulatory Utility Commissioners (NARUC) for the water systems.

The Authority also complies with policies and practices prescribed by its Board and practices common in both industries. As the Board is authorized to set rates, the Authority follows GASB 62. This standard provides for the reporting of assets and liabilities consistent with the economic effect of the rate structure.

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions in the Authority's reporting. This practice affects the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

C - Current and Noncurrent - The Authority presents assets and liabilities in order of relative liquidity. The liquidity of an asset is determined by how readily it is expected to be converted to cash and whether restrictions limit the use of the resources. The liquidity of a liability is based on its maturity, or when cash is expected to be used to liquidate the liability.

D - Restricted Assets - For purposes of the Combined Statements of Net Position and Combined Statements of Cash Flows, assets are restricted when constraints are placed on their use by either:

(1) External creditors, grantors, contributors, or laws or regulations of other governments; or
(2) Law through constitutional provisions or enabling legislation.

Assets not meeting the requirements of restricted are classified as unrestricted.

E - Cash and Cash Equivalents - For purposes of the Combined Statements of Net Position and Combined Statements of Cash Flows, the Authority considers highly liquid investments with original maturities of ninety days or less and cash on deposit with financial institutions as Unrestricted and Restricted cash and cash equivalents.

F - Inventory - Material and fuel inventories are carried at weighted average costs. At the time of issuance or consumption, an expense is recorded at the weighted average cost.

G - Utility Plant - Utility plant is recorded at cost, which includes materials, labor, overhead and interest capitalized during construction. Interest is capitalized only when interest payments are funded through borrowings. The Authority capitalized $83.7 million of interest in 2013. Other interest expense is recovered currently through rates. The costs of maintenance, repairs and minor replacements are charged to appropriate operation and maintenance expense accounts. The costs of renewals and betterments are capitalized. The original cost of utility plant retired and the cost of removal, less salvage, are charged to accumulated depreciation.

H - Depreciation - Depreciation is computed using composite rates on a straight-line basis over the estimated useful lives of the various classes of the plant. Composite rates are applied to the gross plant balance of various classes of assets which includes appropriate adjustments for cost of removal and salvage. The Authority periodically has depreciation studies performed by independent parties to assist management in establishing appropriate composite depreciation rates.

Annual depreciation provisions, expressed as a percentage of average depreciable utility plant in service, were as follows:

Years Ended December 31,	**2013**	2012
Annual Average Depreciation Percentages	**2.9%**	2.8%
Note: Depreciation expense includes amortization of property under capitalized leases.		

I - Retirement of Long Lived Assets - The Authority follows the guidance of FASB ASC 410 in regards to the decommissioning of V.C. Summer Nuclear Station and closing coal-fired generation ash ponds. The requirements for both were recorded within Capital assets on the accompanying Combined Statements of Net Position.

The asset retirement obligation (ARO) is adjusted each period for any liabilities incurred or settled during the period, accretion expense and any revisions made to the estimated cash flows. The following table summarizes the Authority's transactions:

Years Ended December 31,	**2013**			2012		
	Nuclear	**Ash Ponds**	**Total**	Nuclear	Ash Ponds	Total
			(Millions)			
Reconciliation of ARO Liability:						
Balance as of January 1,	**$ 650.3**	**$ 352.0**	**$ 1,002.3**	$ 280.0	$ 67.4	$ 347.4
Accretion expense	**14.1**	**7.8**	**21.9**	12.1	3.6	15.7
Additional layer	**0.0**	**0.0**	**0.0**	358.2	281.0	639.2
Balance as of December 31,	**$ 664.4**	**$ 359.8**	**$ 1,024.2**	$ 650.3	$ 352.0	$ 1,002.3
Asset Retirement Cost (ARC):	**$ 334.3**	**$ 173.1**	**$ 507.4**	$ 334.3	$ 173.1	$ 507.4

J - Reporting Impairment Losses - The Authority's Board authorized the retirement of six generating units during 2012. December 2012 was set for the permanent retirement date for four coal-fired generating units (Grainger Units 1 and 2 and Jefferies Units 3 and 4). In compliance with GASB 42, the required accounting entries were recorded for capital assets, depreciation effect, CTBR expense, materials and supplies.

2013 updates include a potential sale of Grainger Generating Station assets. The Authority is currently preparing the assets to comply with requirements in the pending sales contract. In addition, sales of coal (fuel stock pile) from the Jefferies Generating Station began in late 2013. Sale of coal will occur at both generation sites (Jefferies and Grainger) going forward into 2014.

The Authority continues to implement the appropriate processes to fully close the retired units in order to remain in compliance with regulatory requirements. It should be noted that the closure of the ash ponds at each site will result in additional entries and adjustments to accumulated depreciation, asset retirement obligation (ARO) and various other balances in subsequent years.

K - Investment in Associated Companies - The Authority is a member of The Energy Authority (TEA). Approximate ownership interests were as follows:

Years Ended December 31,	**2013**	2012
Members	Ownership (%)	
City Utilities of Springfield (Missouri)	**6.7**	6.7
Cowlitz Public Utility District (Washington)	**6.7**	6.7
Gainesville Regional Utilities (Florida)	**6.6**	6.6
JEA (Florida)	**20.0**	20.0
MEAG Power (Georgia)	**20.0**	20.0
Nebraska Public Power District (Nebraska)	**20.0**	20.0
Santee Cooper (South Carolina)	**20.0**	20.0
Total	**100.0**	100.0

TEA markets wholesale power and coordinates the operation of the generation assets of its members to maximize the efficient use of electrical energy resources, reduce operating costs and increase operating revenues of the members. It is expected to accomplish the foregoing without impacting the safety and reliability of the electric system of each member. TEA does not engage in the construction or ownership of generation or transmission assets. In addition, it assists members with fuel hedging activities and acts as an agent in the execution of forward transactions. The Authority accounts for its investment in TEA under the equity method of accounting.

All of TEA's revenues and costs are allocated to the members. The following table summarizes the transactions applicable to the Authority:

Years Ended December 31,	**2013**	2012
	(Thousands)	
TEA Investment:		
Balance as of January 1,	**$ 7,932**	$ 9,354
Reduction to power costs and increases in electric revenues	**21,322**	40,813
Less: Distributions from TEA	**22,444**	42,117
Less: Other (includes equity losses)	**166**	118
Balance as of December 31,	**$ 6,644**	$ 7,932
Due To/Due From TEA:		
Payable to	**$ 29,249**	$ 26,463
Receivable from	**$ 1,592**	$ 2,013

The Authority's exposure relating to TEA is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority. These guarantees are within the scope of FASB ASC 952. Upon the Authority making any payments under its electric guarantee, it has certain contribution rights with the other members in order that payments made under the TEA member guarantees would be equalized ratably, based upon each member's equity ownership interest. After such contributions have been affected, the Authority would only have recourse against TEA to recover amounts paid under the guarantee. The term of this guarantee is generally indefinite, but the Authority has the ability to terminate its guarantee obligations by providing advance notice to the beneficiaries thereof. Such termination of its guarantee obligations only applies to TEA transactions not yet entered into at the time the termination takes effect. The Authority's support of TEA's trading activities is limited based on the formula derived from the forward value of TEA's trading positions at a point in time. The formula was approved by the Authority's Board. At December 31, 2013, the trade guarantees are an amount not to exceed approximately $72.9 million.

The Authority is also a member of Colectric Partners (Colectric). Members and ownership interests were as follows:

Years Ended December 31,	**2013**	2012
Members	Ownership (%)	
Florida Municipal Power Agency (Florida)	**N/A**	N/A
Gainesville Regional Utilities (Florida)	**N/A**	N/A
JEA (Florida)	**25.0**	25.0
MEAG Power (Georgia)	**25.0**	25.0
Nebraska Public Power District (Nebraska)	**25.0**	25.0
Orlando Utilities Commission (Florida)	**N/A**	N/A
Santee Cooper (South Carolina)	**25.0**	25.0
Total	**100.0**	100.0

Colectric provides public power utilities with key project and business management resources. Colectric also specializes in the development, project management, operations and maintenance of public power utilities' electric generation facilities and electric system infrastructure. The members may elect to participate in Colectric initiatives based on individual utility needs.

Currently, the Authority participates in several of Colectric's initiatives. One involves managing the major gas turbine overhauls, thereby promoting the sharing of spare parts and technical expertise. Another is a strategic sourcing initiative, intended to achieve major cost savings through volume purchasing leverage. Other initiatives in which the Authority participates include steam turbine (combined cycle and non-combined cycle) gas turbine inlet air filters, maintenance/inspection/repair and borescope/NDT services for steam and gas turbines.

The Authority's exposure relating to Colectric is limited to its capital investment, any accounts receivable and any indemnifications related to agreements between Colectric and the Authority. These indemnifications are within the scope of FASB ASC 952. The Authority's initial investment in Colectric was $413,000. The balance in its member equity account at December 31, 2013 and 2012 was approximately $196,000 and $192,000, respectively. Since 2001, cumulative net direct cost and direct savings have been $4.1 million and $18.1 million, respectively.

On October 1, 2013, the Authority along with MEAG Power became originating members of TEA Solutions. JEA and Cowlitz Public Utility District joined later in 2013. TEA Solutions is a publicly supported non-profit corporation.

TEA Solutions was formed mainly to (1) coordinate the operation of electric generation resources and the purchase and sale of electric power on behalf of the corporation's clients; (2) coordinate the purchase and sale of natural gas relating to fuel for clients' generation of electric energy or relating to clients' operation of a retail gas distribution system; and (3) provide consulting and software services to clients.

The Authority funded its initial share of TEA Solutions with a $150,000 contribution in 2013. This contribution was to cover legal, consulting and other start-up costs pertaining to TEA Solutions. Neither financial statements nor an estimate of the Authority's share of start-up expenses were available as of December 31, 2013. The Authority's exposure relating to TEA Solutions is limited to the Authority's capital investment, any accounts receivable and trade guarantees provided by the Authority.

L – Deferred Outflows / Deferred Inflows of Resources - In addition to assets, the Combined Statements of Net Position reports a separate section for Deferred Outflow of Resources. These items represent a consumption of net position that applies to a future period and until that time will not be recognized as an expense or expenditure. The Authority has two items meeting this criterion: (1) accumulated decrease in fair value of hedging derivatives; and (2) unamortized loss on refunded and defeased debt.

In addition to liabilities, the Combined Statements of Net Position also reports a separate section for Deferred Inflows of Resources. These items represent an acquisition of net position that applies to a future period and until that time will not be recognized as revenue. The Authority has two items meeting this criterion: (1) accumulated increase in fair value of hedging derivatives; and (2) nuclear decommissioning costs.

The following table summarizes the Authority's total deferred items:

Years Ended December 31,	**2013**	2012
	(Thousands)	
Deferred Outflows of Resources	**$ 139,235**	$ 172,963
Deferred Inflows of Resources	**193,995**	199,675

During 2013, the Authority continued to review GASB 63 requirements and found that certain items classified as Deferred Inflows of Resources at December 31, 2012 did not meet the criterion. The following table summarizes the change in classifications:

	2012
Combined Statements of Net Position	(Thousands)
Change:	
Current liabilities	
Other current liabilities	**$ 8,663**
Noncurrent liabilities	
Other credits and noncurrent liabilities	**45,961**
Total	**$ 54,624**
Combined Statements of Net Position	
Original:	
Deferred inflows of resources	
Compensated absences	**$ 8,663**
Unamortized gain on defeased debt	**1,168**
Unfunded pension and other post employment benefit costs	**44,793**
Total	**$ 54,624**

M - Accounting for Derivative Instruments - In compliance with GASB 53 and 64, the annual changes in the fair value of effective hedging derivative instruments are required to be deferred – reported as deferred outflows of resources and deferred inflows of resources on the Combined Statements of Net Position. Deferral of changes in fair value generally lasts until the transaction involving the hedged item ends.

Natural gas, a core business commodity input for the Authority, has historically been hedged in an effort to mitigate gas cost risk by reducing cost volatility and improving cost effectiveness. Unrealized gains and losses related to such activity are deferred in a regulatory account and recognized in earnings as fuel costs are incurred in the production cycle.

A summary of the Authority's derivative activity for years ended December 31, 2013 and 2012 is below:

Cash Flow Hedges and Summary of Activity					
Years Ended December 31,		**2013**		2012	
	Account Classification	(Millions)			
Fair Value					
Natural Gas	Regulatory Assets/Liabilities	**$**	**(11.5)**	$	(31.8)
Crude Oil	Regulatory Assets/Liabilities		**0.0**		0.0
Heating Oil	Regulatory Assets/Liabilities		**0.2**		0.3
Changes in Fair Value					
Natural Gas	Regulatory Assets/Liabilities	**$**	**20.3**	$	23.0
Crude Oil	Regulatory Assets/Liabilities		**0.0**		(1.6)
Heating Oil	Regulatory Assets/Liabilities		**(0.1)**		(1.2)
Recognized Net Gains (Losses)					
Natural Gas	Operating Expense-Fuel	**$**	**(21.2)**	$	(41.1)
Crude Oil	Operating Expense-Fuel		**0.0**		2.2
Heating Oil	Operating Expense-Fuel		**(0.2)**		(2.4)
Realized But Not Recognized Net Gains (Losses)					
Natural Gas	Regulatory Assets/Liabilities	**$**	**6.5**	$	(5.9)
Crude Oil	Regulatory Assets/Liabilities		**0.0**		0.0
Heating Oil	Regulatory Assets/Liabilities		**(0.2)**		0.1
Notional					
		MBTUs			
Natural Gas			**51,860**		33,610
		Gallons (000s)			
Heating Oil			**4,620**		6,468

N - Revenue Recognition and Fuel Costs - Substantially all wholesale and industrial revenues are billed and recorded at the end of each month. Revenues for electricity delivered to retail customers but not billed are accrued monthly. Accrued revenue for retail customers totaled $14.4 million in 2013 and $13.4 million in 2012.

Fuel costs are reflected in operating expenses as fuel is consumed. Fuel expense for all customers is billed utilizing rates and contracts, the majority of which include fuel adjustment provisions based on either the accrued costs for the previous month or the actual weighted average costs for the previous three-month period.

O - Bond Issuance Costs and Refunding Activity - GASB 62 requires that any gains or losses resulting from extinguishment of debt be expensed at the time of extinguishment. GASB 65 requires that debt issuance costs be expensed in the period incurred. In order to align the impact of these pronouncements with the Authority's rate making process, in October 2012, the Board authorized the use of regulatory accounting to allow continuation of prior accounting treatment with regards to these costs.

Consistent with prior accounting periods, unamortized debt discounts, premiums and expenses are amortized to income over the terms of the related debt issues. Gains or losses on refunded and extinguished debt are amortized to earnings over the shorter of the remaining life of the refunded debt or the life of the new debt.

P - Distribution to the State - Any and all net earnings of the Authority not necessary for the prudent conduct and operation of its business in the best interests of the Authority or to pay the principal of and interest on its bonds, notes, or other evidences of indebtedness or other obligations, or to fulfill the terms and provisions of any agreements made with the purchasers or holders thereof or others must be paid over semiannually to the State Treasurer for the general funds of the State. Nothing in this section shall prohibit the Authority from paying to the State each year up to one percent of its projected operating revenues, as such revenues would be determined on an accrual basis, from the combined electric and water systems. (Code of Laws of South Carolina, as amended Section 58-31-110).

Distributions made to the State in 2013 and 2012 totaled approximately $20.4 million and $19.6 million, respectively.

Q - New Accounting Standards -

STATEMENT NO. & ISSUE DATE	TITLE/SUMMARY	SUMMARY OF ACTION BY THE AUTHORITY
Statement No. GASB 61	**The Financial Reporting Entity: Omnibus-an amendment of GASB Statements No. 14 and No. 34**	
Issue Date: November 2010	Effective for Periods Beginning After: June 15, 2012	Reviewed and Adopted Early in 2012
Description:	This is a result of a reexamination of the previous reporting entity guidance contained in Statement No. 14. The most significant effect is the increased emphasis on a financial benefit or burden between the primary government and component units.	
Statement No. GASB 65	**Items Previously Reported as Assets and Liabilities**	
Issue Date: March 2012	Effective for Periods Beginning After: December 15, 2012	Reviewed and Adopted Early in 2012
Description:	This statement provides guidance and establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities.	
Statement No. GASB 66	**Technical Corrections - 2012 - an amendment of GASB Statements No. 10 and No. 62**	
Issue Date: March 2012	Effective for Periods Beginning After: December 15, 2012	Reviewed and Adopted Early in 2012
Description:	This statement's objective is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements.	
Statement No. GASB 67	**Financial Reporting for Pension Plans - an amendment of GASB 25**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2013	Under Review
Description:	The objective of GASB 67 is to improve financial reporting by state and local governmental pension plans. GASB 67 results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity and creating additional transparency. GASB 67 replaces the requirements of Statements No. 25, Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans and No. 50, Pension Disclosures.	
Statement No. GASB 68	**Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27**	
Issue Date: June 2012	Effective for Periods Beginning After: June 15, 2014	Under Review
Description:	The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.	
Statement No. GASB 69	**Government Combinations and Disposals of Government Operations**	
Issue Date: January 2013	Effective for Periods Beginning After: December 15, 2013	Under Review
Description:	This statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term "government combinations" includes a variety of transactions referred to as mergers, acquisitions and transfers of operations.	
Statement No. GASB 70	**Accounting and Financial Reporting for Nonexchange Financial Guarantees**	
Issue Date: April 2013	Effective for Periods Beginning After: June 15, 2013	Under Review
Description:	The objective of this statement is to improve accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not the government will be required to make a payment on the guarantee.	
Statement No. GASB 71	**Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68**	
Issue Date: November 2013	The provisions of this Statement should be applied simultaneously with the provisions of Statement 68.	Under Review
Description:	The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, "Accounting and Financial Reporting for Pensions." The issue relates to amounts associated with contributions, if any, made by a state of local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.	

NOTE 2 – COSTS TO BE RECOVERED FROM FUTURE REVENUE:

The Authority's rates are established based upon debt service and operating fund requirements. Depreciation is not considered in the cost of service calculation used to design rates. In accordance with GASB 62, the differences between debt principal maturities (adjusted for the effects of premiums, discounts, expenses and amortization of deferred gains and losses) and depreciation on debt financed assets are recognized as CTBR. The recovery of outstanding amounts recorded as CTBR will coincide with the repayment of the applicable outstanding debt. The Authority's summary of CTBR activity is recapped below:

Years Ended December 31,	**2013**	2012
	(Millions)	
CTBR Regulatory Asset:		
Balance	**$ 227.6**	$ 220.2
CTBR Expense/(Reduction to Expense):		
Net Expense	**$ (7.4)**	$ (9.2)

NOTE 3 – CAPITAL ASSETS:

Capital asset activity for the years ended December 31, 2013 and 2012 was as follows:

	Beginning Balances	**Increases**	**Decreases**	**Ending Balances**
	YEAR 2013			
	(Thousands)			
Utility plant	**$ 6,744,928**	**$ 189,268**	**$ (23,234)**	**$ 6,910,962**
Long lived assets-asset retirement cost	**507,394**	**0**	**0**	**507,394**
Accumulated depreciation	**(2,954,471)**	**(233,462)**	**37,913**	**(3,150,020)**
Total utility plant - net	**4,297,851**	**(44,194)**	**14,679**	**4,268,336**
Construction work in progress	**1,643,507**	**644,343**	**(187,219)**	**2,100,631**
Other physical property - net	**6,560**	**0**	**(476)**	**6,084**
Totals	**$ 5,947,918**	**$ 600,149**	**$ (173,016)**	**$ 6,375,051**
	YEAR 2012			
	(Thousands)			
Utility plant	$ 6,724,937	$ 158,260	$ (138,269)	$ 6,744,928
Long lived assets-asset retirement cost	33,078	474,316	0	507,394
Accumulated depreciation	(2,902,820)	(189,796)	138,145	(2,954,471)
Total utility plant - net	3,855,195	442,780	(124)	4,297,851
Construction work in progress	1,230,771	1,046,049	(633,313)	1,643,507
Other physical property - net	6,783	0	(223)	6,560
Totals	$ 5,092,749	$ 1,488,829	$ (633,660)	$ 5,947,918

NOTE 4 – CASH AND INVESTMENTS HELD BY TRUSTEE AND FUND DETAILS:

All cash and investments of the Authority are held and maintained by custodians and trustees. The use of unexpended proceeds from sale of bonds, debt service funds and other sources is designated in accordance with applicable provisions of various bond resolutions, lease agreements, the Enabling Act included in the South Carolina Code of Laws (the Enabling Act) or by management directive. Restricted funds have constraints placed on their use (see Note 1-D – Restricted Assets). The use of unrestricted funds may be either designated for a specific use by management directive or undesignated, but are available to provide liquidity for operations as needed.

Following are the details of the Authority's funds which are classified in the accompanying financial statements as unrestricted and restricted cash, cash equivalents and investments:

Years Ended December 31,	**2013**			2012 (1)		
Funds	**Cash & Cash Equivalents**	**Investments**	**Total**	Cash & Cash Equivalents	Investments	Total
	(Thousands)					
Current Unrestricted:						
Capital Improvement	**$ 40,798**	**$ 85,154**	**$ 125,952**	$ 29,032	$ 44,696	$ 73,728
Debt Reduction	**5,201**	**49,473**	**54,674**	1,656	51,677	53,333
Funds from Taxable Borrowings	**10,780**	**229,403**	**240,183**	70,155	84,016	154,171
General Improvement	**413**	**2,461**	**2,874**	1,412	1,450	2,862
Internal Nuclear Decommissioning Fund	**846**	**73,595**	**74,441**	4,262	76,691	80,953
Nuclear Fuel	**1,010**	**1,000**	**2,010**	8,015	3,051	11,066
Revenue and Operating	**89,103**	**31,999**	**121,102**	73,959	25,171	99,130
Special Reserve	**24,587**	**53,499**	**78,086**	15,100	48,301	63,401
Total	**$ 172,738**	**$ 526,584**	**$ 699,322**	$ 203,591	$ 335,053	$ 538,644
Current Restricted:						
Debt Service Funds	**$ 74,551**	**$ 118,270**	**$ 192,821**	$ 119,603	$ 128,900	$ 248,503
Funds from Tax-exempt Borrowings	**89,250**	**622,466**	**711,716**	118,598	196,505	315,103
Other	**18,654**	**21,914**	**40,568**	35,341	16,786	52,127
Total	**$ 182,455**	**$ 762,650**	**$ 945,105**	$ 273,542	$ 342,191	$ 615,733
Noncurrent Restricted:						
External Nuclear Decommissioning Trust	**$ 1,535**	**$ 109,060**	**$ 110,595**	$ 1,911	$ 112,535	$ 114,446
Total	**$ 1,535**	**$ 109,060**	**$ 110,595**	$ 1,911	$ 112,535	$ 114,446
TOTAL FUNDS	**$ 356,728**	**$ 1,398,294**	**$ 1,755,022**	$ 479,044	$ 789,779	$ 1,268,823
Cash and investments as of December 31, consisted of the following:						
Cash/Deposits			**$ 60,394**			$ 75,905
Investments			**1,694,628**			1,192,918
Total cash and investments			**$ 1,755,022**			$ 1,268,823

(1) The Authority's management determined a need for a change in the policy regarding the criteria for unrestricted and restricted cash and investments. This resulted in material changes to the classification of those funds as reported in 2012. Details of the revised fund criteria are defined below.

Current Unrestricted Funds – These funds are used for operating activities for the Authority's respective systems. Although funds are segregated per management directive based on their intended use, since no restrictions apply, the funds are available to provide additional liquidity for operations. Included in this category is the internal Nuclear Decommissioning Fund intended by management to be used to offset future nuclear decommissioning costs but represents amounts in excess above the mandated Nuclear Regulatory Commission (NRC) decommissioning requirement which is funded separately in an external Nuclear Decommissioning Trust. Also included are funds from taxable borrowings intended to be used for both capital construction costs and for working capital purposes, as expected at the time proceeds are borrowed.

Current Restricted Funds – These funds are restricted in their allowed use. Debt service funds are restricted for payment of principal and interest debt service on outstanding debt. Funds from tax-exempt borrowings are intended to be used for capital construction costs as expected at the time proceeds are borrowed and are restricted pursuant to sections of both the U.S. Treasury Regulations and the Internal Revenue Code that govern the use of tax-exempt debt. Other funds are restricted for other special purposes.

Noncurrent Restricted Funds – These funds are restricted as to their specific use. The external Nuclear Decommissioning Trust is restricted for future nuclear decommissioning costs and represents the mandated NRC funding requirements.

The Authority's investments are authorized by the Enabling Act, the Authority's investment policy and the Revenue Obligation Resolution. Authorized investment types include Federal Agency Securities, State of South Carolina General Obligation Bonds and U.S. Treasury Obligations, all of which are limited to a 10 year maximum maturity in all portfolios, except the decommissioning funds. Certificate of Deposits and Repurchase Agreements are also authorized with a maximum maturity of one year.

All debt securities are recorded at their fair value with gains and losses in fair value reflected as a component of non-operating income in the Combined Statements of Revenues, Expenses and Changes in Net Position.

The Authority's investment activity in all fund categories is summarized as follows:

Years Ended December 31,	**2013**	2012
Total Portfolio	(Billions)	
Total Investments	**$ 1.7**	$ 1.2
Purchases	**55.0**	52.1
Sales	**54.5**	51.9
Nuclear Decommissioning Portfolios	(Millions)	
Total Investments	**$ 185.0**	$ 195.4
Purchases	**588.3**	624.0
Sales	**583.1**	618.9
Unrealized Holding Gains	**7.3**	26.8
Repurchase Agreements (1)	(Millions)	
Balance at December 31	**$ 238.6**	$ 348.1

(1) Securities underlying repurchase agreements must have a market value of at least 102 percent of the cost of the repurchase agreement and are delivered by broker/dealers to the Authority's custodial agents.

Common deposit and investment risks related to credit risk, custodial credit risk, concentration of credit risk, interest rate risk and foreign currency risk are as follows:

<table>
<tr><th>Risk Type</th><th>Exposure</th></tr>
<tr><td>Credit Risk - Risk that an issuer of an investment will not fulfill its obligation to the holder of the investments. Measured by the assignment of rating by a nationally recognized statistical rating organization.</td><td>As of December 31, 2013 and 2012, all of the agency securities held by the Authority were rated AAA by Fitch Ratings, Aaa by Moody's Investors Service, Inc. and AA+ by Standard & Poor's Rating Services.</td></tr>
<tr><td>Custodial Credit Risk-Investments - Risk that, in the event of the failure of the counterparty to a transaction, an entity will not be able to recover the value of its investment or collateral securities that are in the possession of another party.</td><td>As of December 31, 2013 and 2012, all of the Authority's investment securities are held by the Trustee or Agent of the Authority and therefore, there is no custodial risk for investment securities.</td></tr>
<tr><td>Custodial Credit Risk-Deposits - Risk that, in the event of the failure of a depository financial institution, an entity will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party.</td><td>At December 31, 2013 and 2012, the Authority had exposure to custodial credit risk for deposits as follows:
<table>
<tr><th colspan="3">Depository Account Type</th></tr>
<tr><td></td><td colspan="2">Bank Balance</td></tr>
<tr><td>Years Ended December 31,</td><td>2013</td><td>2012</td></tr>
<tr><td></td><td colspan="2">(Thousands)</td></tr>
<tr><td>Uninsured and collateral held by Bank's agent not in Authority's name</td><td>$ 0</td><td>$ 500</td></tr>
</table></td></tr>
<tr><td>Concentration of Credit Risk - The investment policy of the Authority contains no limitations on the amount that can be invested in any one issuer.</td><td>Investments in any one issuer (other than U. S. Treasury securities) that represent five percent or more of total Authority investments at December 31, 2013 and 2012 were as follows:
<table>
<tr><th>Security Type / Issuer</th><th colspan="2">Fair Value</th></tr>
<tr><td></td><td>2013</td><td>2012</td></tr>
<tr><td>Federal Agency Fixed Income Securities</td><td colspan="2">(Thousands)</td></tr>
<tr><td>Federal Home Loan Bank</td><td>$ 465,448</td><td>$ 475,406</td></tr>
<tr><td>Federal National Mortgage Association</td><td>255,042</td><td>98,068</td></tr>
<tr><td>Federal Farm Credit Bank</td><td>215,631</td><td>173,162</td></tr>
<tr><td>Federal Home Loan Mortgage Corp</td><td>416,540</td><td>22,911</td></tr>
</table></td></tr>
<tr><td>Interest Rate Risk - Risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.</td><td>The Authority manages its exposure to interest rate risk by investing in securities that mature as necessary to provide the cash flow and liquidity needed for operations. The following table shows the distribution of the Authority's investments by maturity at December 31, 2013 and 2012:
<table>
<tr><th></th><th colspan="2">2013</th><th colspan="2">2012</th></tr>
<tr><td>Investment Type:</td><td>Fair Value (Thousands)</td><td>Weighted Average Maturity (Years)</td><td>Fair Value (Thousands)</td><td>Weighted Average Maturity (Years)</td></tr>
<tr><td>Certificates of Deposits</td><td>$ 1,450</td><td>0.21</td><td>$ 1,450</td><td>0.21</td></tr>
<tr><td>Federal Agency Discount Notes</td><td>508,489</td><td>0.24</td><td>199,858</td><td>0.01</td></tr>
<tr><td>Federal Agency Securities</td><td>867,850</td><td>3.09</td><td>594,291</td><td>3.56</td></tr>
<tr><td>Repurchase Agreements</td><td>238,599</td><td>0.01</td><td>348,139</td><td>0.01</td></tr>
<tr><td>U.S. Treasury Notes and Strips</td><td>78,239</td><td>4.02</td><td>49,180</td><td>7.67</td></tr>
<tr><td>Total</td><td>$ 1,694,627</td><td></td><td>$ 1,192,918</td><td></td></tr>
<tr><td>Portfolio Weighted Average Maturity</td><td></td><td>1.88</td><td></td><td>1.94</td></tr>
</table>
The Authority holds zero coupon bonds which are highly sensitive to interest rate fluctuations in both the Nuclear Decommissioning Trust and Nuclear Decommissioning Fund. Together these accounts hold $56.5 million par in U.S. Treasury Strips ranging in maturity from May 15, 2014 to May 15, 2039. The accounts also hold $57.0 million par in government agency zero coupon securities in the two portfolios ranging in maturity from November 15, 2014 to April 15, 2030. Zero coupon bonds or U.S. Treasury Strips are subject to wider swings in their market value than coupon bonds. These portfolios are structured to hold these securities to maturity or early redemption. The Authority has a buy and hold strategy for these portfolios. Based on the Authority’s current decommissioning assumptions, it is anticipated that no funds will be needed any earlier than 2043. The Authority has no other investments that are highly sensitive to interest rate fluctuations.</td></tr>
<tr><td>Foreign Currency Risk - Risk exists when there is a possibility that changes in exchange rates could adversely affect investment or deposit fair market value.</td><td>The Authority is not authorized to invest in foreign currency and therefore has no exposure.</td></tr>
</table>

NOTE 5 – LONG-TERM DEBT:

Debt Outstanding

The Authority's long-term debt at December 31, 2013 and 2012 consisted of the following:

	2013	2012	Interest Rate(s) (1)	Call Price (2)
	(Thousands)		(%)	(%)
Capitalized Lease Obligations: (mature through 2014)	**$ 244**	$ 1,227	5.00	N/A
Revenue Obligations: (mature through 2053)				
1999 Taxable Series B	**1,700**	3,280	7.42	Non-callable
2002 Refunding Series A	**0**	12,190	N/A	N/A
2002 Refunding Series D	**0**	36,500	N/A	N/A
2003 Refunding Series A	**10,870**	255,880	4.75	100
2004 Tax-exempt Series A	**45,610**	55,720	5.00	100
2004 Taxable Series B	**6,365**	9,350	4.47-4.52	P&I Plus Make-Whole Premium
2004 Series M (4)	**30,031**	29,786	4.25-5.00	100/Accreted Value
2005 Refunding Series A	**125,295**	125,295	5.25-5.50	100
2005 Refunding Series B	**222,725**	232,080	5.00	100
2005 Refunding Series C	**78,150**	78,150	4.125-4.75	100
2005 Series M (4)	**12,701**	12,515	3.65-4.35	100/Accreted Value
2006 Tax-exempt Series A	**432,475**	442,475	3.625-5.00	100
2006 Taxable Series B	**59,500**	73,250	5.00-5.05	P&I Plus Make-Whole Premium
2006 Series M (4)	**7,811**	10,283	3.75-4.20	100/Accreted Value
2006 Refunding Series C	**114,755**	114,755	4.00-5.00	100
2007 Series A	**290,175**	303,005	4.00-5.00	100
2007 Refunding Series B	**82,855**	97,970	4.00-5.00	Non-callable
2008 Tax-exempt Series A	**391,985**	391,985	5.00-5.75	100
2008 Taxable Series B	**25,000**	260,000	6.808-8.368	P&I Plus Make-Whole Premium
2008 Series M (4)	**20,901**	25,083	3.00-4.80	100/Accreted Value
2009 Tax-exempt Refunding Series A	**84,605**	85,640	3.00-5.00	100
2009 Tax-exempt Series B	**160,075**	162,285	4.00-5.25	100
2009 Taxable Series C	**86,970**	87,040	4.12-6.224	P&I Plus Make-Whole Premium
2009 Tax-exempt Refunding Series D	**0**	10,500	N/A	N/A
2009 Tax-exempt Series E	**215,755**	250,965	3.00-5.00	100
2009 Taxable Series F	**100,000**	100,000	5.74	P&I Plus Make-Whole Premium
2010 Series M1(4)	**27,806**	28,400	1.35-4.30	100/Accreted Value
2010 Refunding Series B	**220,665**	231,060	3.00-5.00	100
2010 Series M2 (4)	**17,361**	17,233	1.60-3.875	100/Accreted Value
2010 Series C (Build America Bonds) (3)	**360,000**	360,000	6.454	P&I Plus Make-Whole Premium
2011 Series M1 (4)	**26,655**	26,471	2.00-4.80	100/Accreted Value
2011 Taxable Series A (LIBOR Index Bonds)	**0**	316,632	N/A	N/A
2011 Refunding Series B	**282,700**	288,515	4.00-5.00	Non-callable
2011 Refunding Series C	**135,855**	135,855	4.375-5.00	100
2011 Series M2 (4)	**21,935**	21,923	1.40-4.20	100/Accreted Value
2012 Refunding Series A	**98,610**	98,610	3.00-5.00	100
2012 Refunding Series B	**25,200**	32,325	5.00	Non-callable
2012 Refunding Series C	**95,305**	119,145	5.00	Non-callable
2012 Tax-exempt Series D	**310,120**	312,160	3.00-5.00	100
2012 Taxable Series E	**262,830**	262,830	3.572-4.551	P&I Plus Make-Whole Premium
2012 Series M1 (4)	**21,124**	21,220	1.40-4.00	100/Accreted Value
2012 Series M2 (4)	**18,301**	18,205	1.10-3.70	100/Accreted Value
2013 Series M1 (4)	**23,366**	0	1.30-3.90	100/Accreted Value
2013 Tax-exempt Series A	**252,655**	0	5.00-5.75	100
2013 Tax-exempt Refunding Series B	**388,730**	0	5.00-5.125	100
2013 Taxable Series C	**250,000**	0	5.78	P&I Plus Make-Whole Premium
2013 Taxable Series D (LIBOR Index Bonds)	**450,000**	0	1 Month LIBOR plus 0.875-1.10	100
2013 Tax-exempt Series E	**506,765**	0	5.00-5.50	100
Total Revenue Obligations	**6,402,292**	5,556,566		
Other Long-Term Obligations: (mature through 2016)	**44,956**	0	N/A	N/A
Less: Current Portion - Long-term Debt	**133,671**	334,842		
Total Long-term Debt - (Net of current portion)	**$ 6,313,821**	$ 5,222,951		

(1) Interest Rates apply only to bonds outstanding as of December 31, 2013.
(2) Call Price may only apply to certain maturities outstanding at December 31, 2013.
(2) These bonds were issued as "Build America Bonds" under the American Recovery and Reinvestment Act of 2009 and are eligible to receive an interest subsidy payment from the United States Department of Treasury in an amount up to 35% of interest payable on the bonds.
(3) Includes Current Interest Bearing Bonds (CIBS) and Capital Appreciation Bonds (CABS).

Changes in Long-Term Debt

Long-term debt (LTD) activity for the years ended December 31, 2013 and 2012 was as follows:

	Gross LTD Beginning Balances	Increases	Decreases	Gross LTD Ending Balances	Current Portion LTD	Net LTD Ending Balances
YEAR 2013						
(Thousands)						
Capitalized Lease Obligations	**$ 1,227**	**$ 0**	**$ (983)**	**$ 244**	**$ 244**	**$ 0**
Other Long-Term Obligations	**0**	**44,956**	**0**	**44,956**	**0**	**44,956**
Revenue Obligations	**5,556,566**	**1,873,808**	**(1,028,082)**	**6,402,292**	**133,427**	**6,268,865**
Totals	**$ 5,557,793**	**$ 1,918,764**	**$ (1,029,065)**	**$ 6,447,492**	**$ 133,671**	**$ 6,313,821**
YEAR 2012						
(Thousands)						
Capitalized Lease Obligations	$ 2,469	$ 0	$ (1,242)	$ 1,227	$ 982	$ 245
Revenue Obligations	5,158,481	867,277	(469,192)	5,556,566	333,860	5,222,706
Totals	$ 5,160,950	$ 867,277	$ (470,434)	$ 5,557,793	$ 334,842	$ 5,222,951

Summary of Long-Term Principal and Interest

Maturities and projected interest payments of long-term debt are as follows:

	PRINCIPAL				**INTEREST**			
Years Ending December 31,	**Capitalized Lease Obligations**	**Other Long-Term Obligations**	**Revenue Obligations**	**Total Principal**	**Capitalized Lease Obligations**	**Revenue Obligations (2)**	**Total Interest (2)**	**TOTAL**
	(Thousands)							
2014 (1)	$ 244	$ 0	$ 121,775	$ 122,019	$ 7	$ 312,201	$ 312,208	$ 434,227
2015 (1)	0	0	555,502	555,502	0	296,367	296,367	851,869
2016 (1)	0	44,956	333,878	378,834	0	283,381	283,381	662,215
2017	0	0	242,690	242,690	0	270,291	270,291	512,981
2018	0	0	191,822	191,822	0	260,770	260,770	452,592
2019-2023	0	0	974,581	974,581	0	1,155,976	1,155,976	2,130,557
2024-2028	0	0	670,884	670,884	0	972,057	972,057	1,642,941
2029-2033	0	0	757,025	757,025	0	802,882	802,882	1,559,907
2034-2038	0	0	848,755	848,755	0	590,684	590,684	1,439,439
2039-2043	0	0	838,615	838,615	0	380,331	380,331	1,218,946
2044-2048	0	0	492,600	492,600	0	194,209	194,209	686,809
2049-2053	0	0	374,165	374,165	0	51,177	51,177	425,342
Total	$ 244	$ 44,956	$ 6,402,292	$ 6,447,492	$ 7	$ 5,570,326	$ 5,570,333	$ 12,017,825

(1) Years 2014 - 2016 include projected interest for 2013 Taxable Series D (LIBOR Index Bonds).
(2) Does not reflect impact of subsidy interest payments on 2010 Series C (Build America Bonds).

Summary of Refunded and Defeased Bonds Outstanding and Unamortized Losses

Refunded and defeased bonds outstanding, original loss on refunding and the unamortized loss at December 31, 2013 are as follows:

Refunding Issue	Refunded Bonds		Refunded and Defeased Bonds Outstanding	Original Loss	Unamortized Loss
	(Thousands)				
Cash Defeasance	$ 20,000	1982 Series A	$ 0	$ 2,763	$ 626
Commercial Paper	$ 76,050	1973 Series			
	105,605	1977 Series			
	81,420	1978 Series	0	2,099	91
2003 Refunding Series A	$ 336,385	1993 Refunding Series C			
	15,750	1995 Refunding Series A	0	57,064	886
2005 Refunding Series A	$ 74,970	1995 Refunding Series A			
	37,740	1995 Refunding Series B			
	20,080	1996 Refunding Series A	0	23,864	8,496
2005 Refunding Series B	$ 2,590	1995 Refunding Series A			
	100,320	1995 Refunding Series B			
	192,305	1996 Refunding Series A			
	21,505	1996 Refunding Series B	0	73,749	29,932
2005 Refunding Series C	$ 86,335	1993 Refunding Series C	0	12,125	6,433
2006 Refunding Series C	$ 105,005	1999 Series A			
	10,000	2002 Series B	0	7,054	569
2007 Refunding Series B	$ 105,370	1997 Refunding Series A	0	8,832	2,430
2009 Refunding Series A	$ 99,515	1997 Refunding Series A			
	20,125	1998 Refunding Series B	0	8,707	6,194
2010 Refunding Series B	$ 30,430	2001 Series A			
	118,600	2002 Series B			
	84,780	2002 Refunding Series D	0	22,954	13,854
2011 Refunding Series B	$ 8,990	2002 Refunding Series D			
	291,825	2004 Series A	286,425	23,287	16,154
2011 Refunding Series C	$ 134,715	2002 Series B			
	5,160	2007 Series A	0	4,362	3,954
2012 Refunding Series A	$ 73,535	2003 Refunding Series A			
	34,160	2004 Series A	34,160	12,206	10,057
Feb 2012 Defeasance	$ 5,615	2003 Refunding Series A	0	749	676
2013 Refunding Series B	$ 209,426	2003 Refunding Series A			
	7,070	2004 Series A			
	5,000	2006 Series A			
	6,565	2007 Series A			
	82,605	2008 Series B			
	1,125	2009 Series B			
	30,158	2011 Series A (LIBOR Index)			
	2,040	2012 Series D	19,760	14,446	14,252
2013 Refunding Series C	$ 35,584	2003 Refunding Series A			
	97,695	2008 Series B	0	4,601	4,524
2013 Taxable Series D (LIBOR Index)	$ 54,700	2008 Series B			
	138,159	2011 Series A (LIBOR Index)			
	8,000	2012 Refunding Series C	0	920	740
Total			$ 340,345	$ 279,782	$ 119,868

Analysis of Prior Year Current Portion of Long-term

As a part of its long-term capital structure plan, the Authority will be involved in a multi-year refinancing plan. As a result, each year certain maturities classified as current portion of long-term debt may be refinanced in the subsequent year prior to the maturity date. Below is an analysis of the 2012 current portion of long-term debt showing the amounts paid as debt service in 2013 and the amount refinanced. The remaining amount represents five percent of the original principal for all outstanding minibond issues.

Analysis of December 31, 2012 Current Portion of Long-term Debt:	(Thousands)
Principal debt service paid from 2013 Revenues	$ 166,393
Refinanced and other:	
2013 maturities refinanced	158,355
5% current portion requirement for original minibond issue amount (1)	10,094
Total	$ 334,842

(1) Represents five percent annual cap on the requirement related to put features on all outstanding minibond issues. This is an accounting entry only and does not impact debt service.

An analysis of the $158,024 current portion of long-term debt at December 31, 2011 showed that $149,502 was debt service paid from 2012 Revenues with the remaining $8,522 representing five percent of the original principal for outstanding minibond issues.

Reconciliations of Interest Charges

Years Ended December 31,	**2013**	2012
	(Thousands)	
Reconciliation of interest cost to interest expense:		
Total interest cost	**$ 278,274**	$ 264,140
Capitalized interest	**(32,751)**	0
Deferred interest expense	**(22,351)**	(46,732)
Interest charged to fuel expense	**(2,105)**	(1,994)
Total interest expense	**$ 221,067**	$ 215,414
Reconciliation of interest cost to interest payments:		
Total interest cost	**$ 278,274**	$ 264,140
Accrued interest - current year	**(100,159)**	(108,465)
Accrued interest - prior year	**108,465**	115,735
Interest released by refundings	**(5,030)**	(3,641)
Accretion on capital appreciation minibonds	**(2,402)**	(2,087)
Total interest payments	**$ 279,148**	$ 265,682

Debt Service Coverage

Years Ended December 31,	2013	2012
	(Thousands)	
Operating revenues	$ 1,816,576	$ 1,887,797
Other income	9,246	12,304
Total revenues and income	1,825,822	1,900,101
Operating expenses	(1,524,182)	(1,571,480)
Depreciation	196,812	187,382
Total expenses	(1,327,370)	(1,384,098)
Funds available for debt service prior to distribution to the State	498,452	516,003
Distribution to the State	(20,394)	(19,617)
Funds available for debt service after distribution to the State	$ 478,058	$ 496,386
Debt Service on Accrual Basis:		
Principal on long-term debt	$ 117,994	$ 142,765
Interest on long-term debt	221,067	215,414
Interest on long-term debt paid from borrowed proceeds	(12,720)	0
Long-term debt service paid from Revenues	326,341	358,179
Commercial paper and other principal and interest	6,670	5,914
Total debt service paid from Revenues	$ 333,011	$ 364,093
Debt Service Coverage Ratio:		
Excluding commercial paper and other:		
Prior to distribution to the State	1.52	1.44
After distribution to the State	1.46	1.38
Including commercial paper and other:		
Prior to distribution to the State	1.49	1.41
After distribution to the State	1.43	1.36

The fair value of the Authority's debt is estimated based on quoted market prices for the same or similar issues or on the current rates offered to the Authority for debt with the same remaining maturities. Based on the borrowing rates currently available to the Authority for debt with similar terms and average maturities, the fair value of debt was $7.0 billion and $6.6 billion at December 31, 2013 and 2012, respectively.

Bond market transactions for the year ended December 31, 2013 were as follows:

	Par Amount:		Date Authorized:	
Revenue Obligations, 2013 Series M1		**$23,254,800**		**May 1, 2013**
Summary: - Issued Current Interest Bearing Bonds in $500 denominations and Capital Appreciation Bonds in $200 denominations				
- Issued directly by the Authority to residents of the State, customers of the Authority, members of electric cooperatives organized under the laws of the State and electric customers of the City of Bamberg and City of Georgetown				
- Interest rates range from 1.30 percent in 2018 and 3.90 percent in 2033				
Revenue Obligations, 2013 Tax-exempt Series A, Refunding Series B & Taxable Series C	**Par Amount:**	**$891,385,000**	**Date Authorized:**	**Aug 8, 2013**
Summary: - Issued on Aug 21, 2013 at an all-in true interest cost of 5.46 percent				
- Maturities between Dec 1, 2033 and Dec 1, 2043				
Revenue Obligations, 2013 Tax-exempt Series E	**Par Amount:**	**$506,765,000**	**Date Authorized:**	**Sep 26, 2013**
Summary: - Issued on Oct 4, 2013 at an all-in true interest cost of 5.34 percent				
- Maturities between Dec 1, 2048 and Dec 1, 2053				

As of December 31, 2013 and 2012, the Authority was in compliance with all debt covenants. The Authority's bond indentures provide for certain restrictions, the most significant of which are:

(1) the Authority covenants to establish rates sufficient to pay all debt service, required lease payments, capital improvement fund requirements and all costs of operation and maintenance of the Authority's electric and water systems and all necessary repairs, replacements and renewals thereof; and
(2) the Authority is restricted from issuing additional parity bonds unless certain conditions are met.

All Authority debt (Electric and Water Systems) issued pursuant to the Revenue Obligation Resolution is payable solely from and secured by a lien upon and pledge of the applicable Electric and Water Revenues of the Authority. Revenue Obligations are senior to:

(1) payment of expenses for operating and maintaining the Systems;
(2) payments for debt service on capitalized leases;
(3) payments for debt service on commercial paper; and
(4) payments made into the Capital Improvement Fund.

Bonds Outstanding Summary

As of December 31,	2013	2012
Outstanding Revenue Obligations	**$6.4 Billion**	$5.6 Billion
Estimated remaining interest payments	**$5.6 Billion**	$3.7 Billion
Issuance Years (inclusive)	**1999 through 2013**	1999 through 2012
Maturity Years (inclusive)	**2014 through 2053**	2013 through 2050

Note: Proceeds from these bonds were/will be used to fund a portion of the Authority's ongoing capital program or retire or refund certain outstanding debt of the Authority.

NOTE 6 – VARIABLE RATE DEBT:

The Board has authorized the issuance of variable rate debt not to exceed 20 percent of the aggregate Authority debt outstanding (including commercial paper) as of the last day of the most recent fiscal year for which audited financial statements of the Authority are available. At December 31, 2013, 12 percent of the Authoirty's aggregate debt outstanding was variable rate. The lien and pledge of Revenues securing variable rate debt issued as Revenue Obligations is senior to that securing commercial paper.

On August 8, 2013, the Board authorized the sale of approximately $450.0 million in Revenue Obligations, 2013 Series D (LIBOR Index Bonds) (2013D Bonds). The 2013D Bonds were issued August 21, 2013 and will bear interest from their delivery date and will be payable on the first business day of each month. The 2013D Bonds will mature on June 1, 2015 and June 1, 2016. The interest rate is variable and is set monthly based on the London Interbank Offered Rate (LIBOR) plus 87.5 basis points, and 110.0 basis points, respectively.

Commercial paper is issued for valid corporate purposes with a term not to exceed 270 days. The information related to commercial paper was as follows:

Years Ended December 31,	**2013**	2012
Commercial paper outstanding (000's)	**$ 372,073**	$ 329,283
Effective interest rate (at December 31)	**0.13%**	0.20%
Average annual amount outstanding (000's)	**$ 374,497**	$ 318,270
Average maturity	**45 Days**	50 Days
Average annual effective interest rate	**0.17%**	0.19%

At December 31, 2013 and 2012, the Authority had Revolving Credit Agreements with Barclays Bank PLC, J.P. Morgan Chase Bank, N.A., TD Bank, N.A., U.S. Bank, N.A., and Wells Fargo Bank, N.A. totaling $800.0 million and $700.0 million, respectively. These agreements are used to support the Authority's issuance of commercial paper. There were no borrowings under the agreements during 2013 or 2012.

NOTE 7 – SUMMER NUCLEAR STATION:

Unit 1 - The Authority and South Carolina Electric and Gas (SCE&G) are parties to a joint ownership agreement providing that the Authority and SCE&G shall own Unit 1 at the V.C. Summer Nuclear Station with undivided interests of 33 1/3 percent and 66 2/3 percent, respectively. SCE&G is solely responsible for the design, construction, budgeting, management, operation, maintenance and decommissioning of Unit 1 and the Authority is obligated to pay its ownership share of all costs relating thereto. The Authority receives 33 1/3 percent of the net electricity generated. In 2004, the NRC granted a twenty-year extension to the operating license for Unit 1, extending it to August 6, 2042.

Authority's Share of V. C. Summer Station - Unit 1		
Years Ended December 31,	**2013**	2012
	(Millions)	
Plant balances before depreciation	**$ 515.9**	$ 514.1
Accumulated depreciation	**326.7**	319.2
Operation & maintenance expense	**90.2**	81.6

Nuclear fuel costs are being amortized based on energy expended using the unit-of-production method. Costs include a component for estimated disposal expense of spent nuclear fuel. This amortization is included in fuel expense and recovered through the Authority's rates.

In 2002, SCE&G commenced a re-racking project of the on-site spent fuel pool. The new pool storage capability will permit full core off-load through 2017. SCE&G has signed contracts with HOLTEC International, The Shaw Group, Inc. and Westinghouse Electric Company, Inc. (Westinghouse) to build a licensed Independent Spent Fuel Storage Installation (ISFSI) to commence receiving fuel in 2015.

The NRC requires a licensee of a nuclear reactor to provide minimum financial assurance of its ability to decommission its nuclear facilities. In compliance with the applicable NRC regulations, the Authority established an external trust fund and began making deposits into this fund in September 1990. In addition to providing for the minimum requirements imposed by the NRC, the Authority makes deposits into an internal fund in the amount necessary to fund the difference between a site-specific decommissioning study completed in 2012 and the NRC's imposed minimum requirement. Based on these estimates, the Authority's one-third share of the estimated decommissioning costs of Unit 1 equals approximately $315.1 million in 2012 dollars. As deposits are made, the Authority debits FERC account 532 - Maintenance of Nuclear Plant, an amount equal to the deposits made to the internal and external trust funds. These costs are recovered through the Authority's rates.

Based on current decommissioning cost estimates, these funds, which totaled approximately $185.0 million (adjusted to market) at December 31, 2013, along with future deposits into the external decommissioning trust and investment earnings, are estimated to provide sufficient funds for the Authority's one-third share of the total decommissioning costs.

Units 2 and 3 - The Authority and SCE&G are constructing and planning to operate two additional nuclear generating units (Summer Units 2 and 3) at V.C. Summer Nuclear Station and submitted an application to the NRC in March 2008 for a combined Construction and Operating License (COL) for each of the two new units. On May 22, 2008, the Authority's Board authorized the Authority to execute a Limited Agency Agreement appointing SCE&G to act as the Authority's agent in connection with the performance of an Engineering, Procurement and Construction (EPC) Agreement. On May 23, 2008, SCE&G, acting for itself and as agent for the Authority, entered into an EPC Agreement with Westinghouse and Stone & Webster, Inc., (a subsidiary of The Shaw Group, Inc.), for the engineering, procurement and construction of two 1,100 MW nuclear generating units. Chicago Bridge & Iron Company acquired The Shaw Group, Inc. in February 2013.

On October 20, 2011, the Authority and SCE&G entered into a Design and Construction Agreement. Among other things, the Design and Construction Agreement allows either or both parties to withdraw from the project under certain circumstances. Also on October 20, 2011, the Authority and SCE&G entered into an Operating and Decommissioning Agreement with respect to the two units. Both the Design and Construction Agreement and the Operating and Decommissioning Agreement define the conditions under which the Authority or SCE&G may convey an undivided ownership interest in the new units to a third party. Together the Design and Construction Agreement and the Operating and Decommissioning Agreement provide for a 45 percent ownership interest by the Authority in each of the two new units and replace the Amended and Restated Bridge Agreement which had governed the relationship between the Authority and SCE&G.

The Authority received the COLs on March 30, 2012. On April 5, 2012, the Authority's Board authorized the Authority to expend up to $4.9 billion to fund the Authority's share of the EPC Agreement and associated Owner's Costs to complete the project. Construction is progressing and the following significant milestones were completed in 2013:

Month Completed	Unit(s)	Milestones
January	2 & 3	Energized Switchyard
March	2	Placed Nuclear Island Basemat (First Nuclear Concrete)
April	2	Set Module CR10 (Containment Vessel Bottom Head Support)
May	2	Set Containment Vessel Bottom Head
September	2	Set Structural Module CA04 (Reactor Vessel Cavity)
November	3	Placed Nuclear Island Basemat (First Nuclear Concrete)

The Authority anticipates that Unit 2 will go into service in early 2018, and Unit 3 will go into service approximately one year later.

As part of its capital improvement program, the Authority has evaluated its level of participation in the new units. Due to developments since initiation of the project, the Authority is taking actions necessary to reduce its 45 percent ownership interest. Beginning 2011, the Authority deferred a portion of interest expense representing the amount related to the assumed ownership reduction. In 2013, the Authority continued deferring and began capitalizing portions of related interest expense based on revised ownership assumptions.

NOTE 8 – LEASES:

The Authority has remaining capital lease contracts with Central Electric Power Cooperative, Inc. (Central), covering transmission and various other facilities. The remaining lease term is for one year. Quarterly lease payments are based on a sum equal to the interest on and principal of Central's indebtedness to the Rural Utilities Service for funds borrowed to construct the above mentioned facilities. The Authority has options to purchase the leased properties at any time during the period of the lease agreements for an amount equal to Central's indebtedness remaining outstanding on the properties at the time the options are exercised or to return the properties at the termination of the lease. The Authority plans to exercise each and every option to acquire ownership of such facilities prior to expiration of the leases.

Total minimum lease payments on Central leases at December 31, 2013 are as follows:

Year Ending December 31,	(Thousands)
2014	$ 251
Less amounts representing interest	7
Principal payments	$ 244

Information related to property under capital leases and operating lease payments follows:

Years Ended December 31,	**2013**	2012
	(Millions)	
Property under capital leases:		
Property balances	**$ 10.2**	$ 20.3
Accumulated depreciation	**8.7**	18.0
Operating lease payments (1)	**1.7**	3.0
(1) Includes periodic leased coal car expenses which are initially reflected in fuel inventory and subsequently reported in fuel expense based on tons burned.		
Expiration term of current coal car leases: (2)	March 2014	
(2) The maximum amount due for coal car leases for 2013 and 2014 are $445,200 and $111,300, respectively.		
Hydroelectric generating facility lease:		
- Automatically extended for five-year periods		
- May be terminated by either party by giving a two-year notice		
- Obligation is $600,000 per year plus operating expenses		

NOTE 9 – CONTRACTS WITH ELECTRIC POWER COOPERATIVES:

Central is a generation and transmission cooperative that provides wholesale electric service to each of the 20 distribution cooperatives which are members of Central. Power supply and transmission services are provided to Central in accordance with a power system coordination and integration agreement (the Coordination Agreement). Under this agreement, the Authority is the predominant supplier of energy needs for Central, excluding energy Central receives from the Southeastern Power Administration (SEPA), minimal amounts provided by Broad River Electric Cooperative's ownership interest in a small run of the river hydroelectric plant and negligible amounts purchased from others.

Central, under the terms of the Coordination Agreement, has the right to audit costs billed to them through the Coordination Agreement. Any differences found as a result of this process are accrued if they are probable and estimable. To the extent that differences arise, prospective adjustments are made to the cost of service and are reflected in operating revenues in the accompanying Combined Statements of Revenues, Expenses and Changes in Net Position. Such adjustments in 2013 and 2012 were not material to the Authority's overall operating revenue.

In September 2009, the Authority and Central entered into an agreement which, among other things, would permit Central to purchase the electric power and energy requirements necessary to serve five of its member cooperatives located in the upper part of the State that were formerly members of Saluda: Blue Ridge Electric Cooperative, Inc., Broad River Electric Cooperative, Inc., Laurens Electric Cooperative, Inc., Little River Electric Cooperative, Inc. and York Electric Cooperative, Inc. (the Upstate Load) from a supplier other than the Authority.

The Upstate Load began transitioning to the new supplier in 2013. The transition will continue through 2019 and will amount to approximately 1,000 MW.

In April and May 2013, the Central and Authority Boards, respectively, approved an Amendment to the Central Agreement (the Amended Central Agreement). This amendment provides that both parties waive their rights to terminate the agreement until at least December 31, 2058. The Amended Central Agreement provides for closer cooperation on planning of future resources, gives Central the ability to "opt-out" of future generation resources, and provides for cost recovery of all resources completed or under construction as of the amendment effective date, including V. C. Summer Units 2 and 3.

NOTE 10 – COMMITMENTS AND CONTINGENCIES:

Budget – The Authority's 2014 three-year capital budget is as follows:

Years Ending December 31,	2014	2015	2016
		(Millions)	
V.C. Summer Units 2 and 3 (1)	$ 583.0	$ 528.6	$ 626.0
Environmental Compliance	39.1	48.9	30.7
General Improvements	207.8	198.8	189.9
Total Capital Budget (2)	$ 829.9	$ 776.3	$ 846.6

Budget Assumptions:
(1) Construction cash flows reflect 45 percent ownership through December 2014 and are subsequently reduced in accordance with the projected ownership sale date. Total estimated project cost including transmission is $3,961.5 million at a reduced ownership interest of 35 percent. At 45 percent, the total estimated project cost is $5,047.6 million.
(2) Will be financed by internally generated funds, taxable and tax-exempt debt.

Purchase Commitments - The Authority has contracted for long-term coal purchases under contracts with estimated outstanding minimum obligations after December 31, 2013. The disclosure of minimum obligations (including market re-opener contracts) shown below is based on the Authority's contract rates and represents management's best estimate of future expenditures under long-term arrangements.

Years Ending December 31,	With Re-openers (All Tons) (1)	Without Re-openers (Fixed Tons) (2)
	(Thousands)	
2014	$ 278,155	$ 278,155
2015	198,054	198,054
2016	193,974	193,974
2017	98,902	98,902
2018	100,385	100,385
2019	76,418	76,418
Total	$ 945,888	$ 945,888

(1) Includes tons which the Authority can elect not to receive.
(2) Includes tons which the Authority must receive.

The Authority has the following outstanding obligations under existing long-term purchased power contracts as of December 31, 2013:

Contracts with Minimum Fixed Payment Obligations

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	1985	21 Years	$ 54.6
1	2011	1 Year	9.9
1	2012	2 Years	46.4
1	2014	11 Years	0.0 (1)

(1) Contract obligation based on actual monthly purchase amount.

Contracts with Power Receipt and Payment Obligations (2)

Number of Contracts	Delivery Beginning	Remaining Term	Obligations (Millions)
1	2010	12 Years	$ 233.1
1	2013	20 Years	19.0
2	2013	30 Years	673.9
1	2013	20 Years	8.5
1	2014	28 Years	456.6

(2) Payment required upon receipt of power. Assumes no change in indices or escalation.

The Authority entered into agreements effective October 1, 2008, whereby New Horizon Electric Cooperative, Inc. assigned its interests, rights and obligations in contracts with Duke Energy Corporation and SCE&G for network integration transmission service to the Authority. The agreements are for network transmission service for the Upstate Load as defined in Note 9 – Contracts with Electric Power Cooperatives. A payment schedule for these agreements shows that $8.4 million will be due in 2014, with remaining annual payments totaling $21.4 million through the end of the contract term in 2023. However, a majority of the Upstate Load will transition to a new supplier as stated in Note 9 and the Authority's obligation for transmission service for this load will decrease in approximately the same proportion. At the end of the transition period, the Authority shall no longer be responsible for purchasing transmission service for the load served by the new supplier.

CSX Transportation, Inc. (CSX) provides substantially all rail transportation service for the Authority's Cross and Winyah coal-fired generating stations. The Authority also interchanges with some short line railroads via CSX for the movement of coal. The CSX contract, effective beginning January 1, 2011, will continue to apply a price per ton of coal moved, along with a mileage based fuel surcharge and minimum tonnage obligation.

The Authority has commitments for nuclear fuel, nuclear fuel conversion, enrichment and fabrication contracts for V.C. Summer Units 1, 2 and 3. As of December 31, 2013, these contracts total approximately $490.4 million over the next 21 years.

In 2010, the Authority amended the Rainey Generating Station Long-Term Parts and Long-Term Service Contract with General Electric International, Inc. (GEII). In lieu of exercising its option to terminate the Contract for convenience and to pursue non-OEM parts and services, the Authority negotiated an amendment with reduced pricing for maintenance and fixed escalation. The contract provides a contract performance manager (CPM), initial spare parts, parts and services for specified planned maintenance outages, remote monitoring and diagnostics of the turbine generators and combustion tuning for the gas turbines.

The amended contract value is approximately $97.2 million, excluding escalation and adjustments for liquidated damages and bonuses. The contract term extends through the second major inspection for Rainey 1 (expected to be completed in 2018). Rainey 2A and 2B have reached the contract "performance end date." The Authority's estimated remaining commitment on the contract is $47.2 million and the Authority is currently exploring options for these units, including a potential extension of the GEII contract. The contract can be terminated for convenience at the end of 2015. The Authority's Board has approved recovery of contract expenditures on a straight-line basis over the term of the contract.

Effective November 1, 2000, the Authority contracted with Transcontinental Gas Pipeline Corporation (TRANSCO) to supply gas transportation needs for its Rainey Generating Station. This is a firm transportation contract covering a maximum of 80,000 decatherms per day for 15 years.

Risk Management - The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; and errors and omissions. The Authority purchases commercial insurance to cover these risks, subject to coverage limits and various exclusions. Settled claims resulting from these risks did not exceed commercial insurance coverage in 2013. Policies are subject to deductibles ranging from $500 to $2.0 million, with the exception of named storm losses which carry deductibles from $2.0 million up to $5.0 million. Also a $1.4 million general liability self-insured layer exists between the Authority's primary and excess liability policies. During 2013, there were minimal payments made for general liability claims.

The Authority is self-insured for auto, dental, worker's compensation and environmental incidents that do not arise out of an insured event. The Authority purchases commercial insurance, subject to coverage limits and various exclusions, to cover automotive exposure in excess of $2.0 million per incident. Risk exposure for the dental plan is limited by plan provisions. Estimated exposure for worker's compensation is based on an annual actuarial study using loss and exposure information valued as of June 30, 2013. In addition, there have been no third-party claims regarding environmental damages for 2013 or 2012.

Claim expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The amount of the self-insurance liabilities for auto, dental, worker's compensation and environmental remediation is based on the best estimate available. Changes in the reported liability were as follows:

Years Ended December 31,	**2013**		2012	
	(Thousands)			
Unpaid claims and claim expense at beginning of year	**$**	**1,778**	$	1,612
Incurred claims and claim adjustment expenses:				
Add: Provision for current year events		**2,940**		2,392
Less: Payments for current and prior years		**2,180**		2,226
Total unpaid claims and claim expenses at end of year	**$**	**2,538**	$	1,778

The Authority pays insurance premiums to certain other State agencies to cover risks that may occur in normal operations. The insurers promise to pay to, or on behalf of, the insured for covered economic losses sustained during the policy period in accordance with insurance policy and benefit program limits. The State assumes all risks for the following:

(1) claims of covered employees for health benefits covered through South Carolina Public Employee Benefit Authority (PEBA); not applicable for worker's compensation injuries; and
(2) claims of covered employees for basic long-term disability and group life insurance benefits (PEBA and Retirement System).

Employees elect health coverage through the State's self-insured plans. However, additional group life and long-term disability premiums are remitted to commercial carriers. The Authority assumes the risk for claims of employees for unemployment compensation benefits and pays claims through the State's self-insured plan.

Nuclear Insurance - The maximum liability for public claims arising from any nuclear incident has been established at $13.6 billion by the Price-Anderson Indemnification Act. This $13.6 billion would be covered by nuclear liability insurance of $375.0 million per reactor unit, with potential retrospective assessments of up to $127.3 million per licensee for each nuclear incident occurring at any reactor in the United States (payable at a rate not to exceed $18.9 million per incident, per year). Based on its one-third interest in V.C. Summer Nuclear Unit 1, the Authority could be responsible for the maximum assessment of $42.4 million, not to exceed approximately $6.3 million per incident, per year. This amount is subject to further increases to reflect the effect of (i) inflation, (ii) the licensing for operation of additional nuclear reactors and (iii) any increase in the amount of commercial liability insurance required to be maintained by the NRC.

Additionally, SCE&G and the Authority maintain, with Nuclear Electric Insurance Limited (NEIL), $500.0 million primary and $2.25 billion excess property and decontamination insurance to cover the costs of cleanup of the facility in the event of an accident. SCE&G and the Authority also maintain accidental outage insurance to cover replacement power costs (within policy limits) associated with an insured property loss. In addition to the premiums paid on these three policies, SCE&G and the Authority could also be assessed a retrospective premium, not to exceed ten times the annual premium of each policy, in the event of property damage to any nuclear generating facility covered by NEIL. Based on current annual premiums and the Authority's one-third interest, the Authority's maximum retrospective premium would be approximately $3.8 million for the primary policy, $4.0 million for the excess policy and $1.4 million for the accidental outage policy.

SCE&G and the Authority maintain builder's risk insurance and marine cargo insurance for the V.C. Summer Units 2 and 3 construction. The builder's risk policy provides coverage of $2.75 billion accidental nuclear property damage with a sub-limit of $500.0 million for accidental property damage that is caused by or results from any covered peril other than radioactive contamination resulting from nuclear reaction, nuclear radiation or the release of radioactive materials, with deductibles ranging from $250,000 to $5.0 million. This policy also carries a potential retrospective premium of approximately $42.0 million. Based on the Authority's current 45 percent ownership interest, the Authority's maximum retrospective premium would be approximately $18.9 million. The marine cargo/transit policy provides coverage of $300.0 million, with deductibles ranging from $25,000 to $75,000.

The Authority is self-insured for any retrospective premium assessments, claims in excess of stated coverage or cost increases due to the purchase of replacement power associated with an uninsured event. Management does not expect any retrospective assessments, claims in excess of stated coverage or cost increases for any periods through December 31, 2013.

Clean Air Act - The Authority endeavors to ensure that its facilities comply with applicable environmental regulations and standards.

In addition to the existing Clean Air Act (CAA) Federal Acid Rain Program, the EPA has promulgated and is implementing the Clean Air Interstate Rule (CAIR) for SO2 and NOx emissions.

The Cross State Air Pollution Rule (CSAPR) was EPA's replacement for CAIR. However, the D.C. Circuit U.S. Court of Appeals overturned CSAPR on August 21, 2012, and instructed EPA to administer CAIR in the interim until EPA develops a replacement rule. CSAPR remains in the appeals process and is currently pending further review in the U.S. Supreme Court.

In place of the vacated federal Clean Air Mercury Rule (CAMR), South Carolina utilities and DHEC finalized a Memorandum of Agreement (MOA) in which the Authority committed to install and certify mercury Continuous Emissions Monitoring Systems (CEMS) at a set of agreed-upon coal-fired units and collaborate with the South Carolina utilities and DHEC to provide support for a state-wide assessment evaluating the mercury deposition resulting from coal-fired power plants in South Carolina. In 2009, the mercury CEMS were installed at the specified Authority units and utilities began initial reporting. There are no cap and trade or emissions limitations requirements per the MOA.

The Authority has been operating under a settlement agreement, called the Consent Decree, which became effective June 24, 2004. The settlement with EPA and DHEC was related to certain environmental issues associated with coal-fired units. It involved the payment of a civil penalty, an agreement to perform certain environmentally beneficial projects and capital costs to achieve emissions reductions over the period ending 2013. Capital costs have been offset by a reduced need to purchase emission credits. All emissions reduction projects required by the Consent Decree have been completed.

Currently, there are both legislative and regulatory efforts to reduce greenhouse gas emissions. The Authority continues to review proposed greenhouse gas regulations to assess potential impacts to its operations. In 2010, EPA finalized the Prevention of Significant Deterioration (PSD) Tailoring Rule for regulating greenhouse gases through the PSD permitting process under the existing CAA. EPA issued Best Available Control Technology (BACT) Guidance in 2010 for use under the rule effective July 1, 2011. The Authority will continue to monitor both regulatory and legislative efforts to reduce greenhouse gas emissions to assess potential impacts to its operations.

Through the maximum achievable control technology (MACT) regulatory process, the EPA has proposed the Utility MACT regulations to reduce the emissions of mercury and other hazardous air pollutants (HAPs) from coal and oil-fired electric utility steam boilers. As a part of EPA rule development, the Authority participated in the EPA's mandatory Information Collection Request (ICR) for mercury and other HAPs for its coal-fired and oil-fired units. The ICR required facility and fuel information as well as stack testing at Cross, Winyah and Jefferies generating stations.

The proposed MACT rule was released in March 2011 with a public notice comment period. The Authority submitted comments to the proposed rule. The final MACT rule was pre-released by EPA December 16, 2011, as the Mercury and Air Toxics (MATS) rule. It was published in the Federal Register on February 16, 2012, and became effective on April 16, 2012, with a compliance deadline for existing units of April 16, 2015.

The MATS rule includes emissions limitations for mercury, acid gases and other HAPs from existing and new coal-fired and oil-fired electric utility steam units. This is EPA's first national standard to reduce mercury and other air toxics from coal-fired and oil-fired power plants.

On July 20, 2012, EPA announced it is reconsidering certain technical aspects of the rule for new power plants. The Authority submitted comments to EPA by the January 7, 2013 deadline, and EPA completed the updated rule in March 2013. The compliance date for new power plants remained set for July 16, 2015. In June 2013, EPA reopened the public comment period on reconsideration of startup and shutdown provisions. The Authority submitted comments to EPA. EPA intends to complete this portion of reconsideration sometime in 2014. The compliance deadline for existing units remains April 16, 2015, with the potential for a state-approved one year extension.

Safe Drinking Water Act - The Authority continues to monitor regulatory issues impacting drinking water systems at the Authority's regional water systems, generating stations, substations and other auxiliary facilities. DHEC has regulatory authority of potable water systems in South Carolina under The State Primary Drinking Water Regulation, R.61-58; the Authority endeavors to manage its potable water systems in compliance with R.61-58.

Clean Water Act - The Clean Water Act (CWA) prohibits the discharge of pollutants, including heat, from point sources into waters of the United States, except as authorized in the National Pollutant Discharge Elimination System (NPDES) permit program. DHEC has been delegated NPDES permitting authority by the EPA and administers the NPDES permit program for the State.

Wastewater discharges from the generating stations and the regional water plants are governed by NPDES permits issued by DHEC. Further, the storm water from the generating stations must be managed in accordance with the State's NPDES Industrial General Permit for storm water discharges. Storm water from construction activities must also be managed under the State's NPDES General Permit for storm water discharges from construction activity. The Authority constantly strives to operate in compliance with these permits.

Further, EPA issued a proposed rule in June 2013 to amend the Steam Electric effluent guidelines and standards that would require additional control and treatment of wastewater discharges from the generating stations. The proposal, if enacted, is expected to require more control of heavy metals removed by air pollution control (ash and FGD sludge) and new internal outfalls that will likely require additional wastewater treatment systems to meet the new limitations.

The CWA, under Section 316(b), also requires that cooling water intake structures (CWIS) reflect the best technology available for minimizing adverse environmental impacts, such as the impingement of fish and shellfish on the intake structures and the entrainment of eggs and larvae through cooling water systems. The EPA is expected to publish the final rule under the CWA Section 316(b) in April 2014. Based on the proposed rule and subsequent publications from the EPA, changes to the intake structures may be required at Cross and Winyah generating stations. Grainger generating station will not be subject to the final regulation, and the Authority continues to evaluate the remaining CWIS.

The EPA also has regulations under the CWA relating to Spill Prevention Control and Counter-measures (SPCC). These regulations require that applicable facilities, which include generating stations, substations and auxiliary facilities, maintain SPCC plans to meet certain standards. The Authority continually works to be in compliance with these regulations.

DHEC promulgated a regulation effective June 2012 which requires permitting the withdrawal and use of surface water. Although existing withdrawers, including the Authority's generating and regional water systems are grandfathered into this regulation, the Authority was required to submit permit applications for these intakes. In 2013, the Authority received 30 year permits for all generating stations. These surface water withdrawal permits require the facility to develop drought contingency plans within 180 days after the permit is issued. Permits are pending for Lake Marion and Lake Moultrie regional water systems.

Hazardous and Non-Hazardous Substances, Wastes and Byproducts - Section 311 of the CWA imposes substantial penalties for spills of Federal EPA-listed hazardous substances into water and for failure to report such spills. The Comprehensive Environmental Response, Compensation and Liability Act of 1980 (CERCLA) provides for the reporting requirements to cover the release of hazardous substances into the environment. Additionally, the EPA regulations under the Toxic Substances Control Act (TSCA) impose stringent requirements for labeling, handling, storing and disposing of polychlorinated biphenyls (PCBs) and associated equipment.

Under the CERCLA and Superfund Amendments and Reauthorization Act (SARA), the Authority could be held responsible for damages and remedial action at hazardous waste disposal facilities utilized by it, if such facilities become part of a Superfund effort. Moreover, under SARA, the Authority must comply with a program of emergency planning and a "Community Right-To-Know" program designed to inform the public about more routine chemical hazards present at the facilities. Both programs have stringent enforcement provisions. The Authority endeavors to comply with the applicable provisions of TSCA, CERCLA and SARA, but it is not possible to determine if some liability may be imposed in the future for past waste disposal or compliance with new regulatory requirements. The Authority strives to comply with all aspects of Resource Conservation and Recovery Act (RCRA) regarding appropriate disposal of chemical wastes.

The Authority generates coal combustion residuals (CCRs) at the coal fired generating stations. The vast majority of the CCRs are fly ash, bottom ash, gypsum and scrubber sludge. The CCRs are either beneficially used or disposed of. The CCRs are exempt from hazardous waste regulation under the RCRA. However, EPA has proposed certain alternative revisions to the RCRA, that if adopted as a final rule, would add significant cost to the disposal and handling of CCRs and possibly restrict beneficial use. The EPA has entered into a Consent Decree which requires it to take final action regarding the proposed alternative revisions to the RCRA by December 19, 2014.

The Solid Waste Disposal Act and Energy Policy Act gives EPA authority to regulate Underground Storage Tanks (USTs). EPA regulations concerning USTs are contained in 40 CFR Parts 280-282. DHEC has granted state program approval in 2002 and regulates USTs under R. 61-92, Part 280 dated 2008. This regulation provides requirements for the design, installation, operation, closure, release detection, reporting and corrective action and financial responsibility. The Authority's corporate policy number 2-11-02 provides guidance for the proper management and monitoring of USTs for environmental and regulatory compliance.

Pollution Remediation Obligations – The Authority follows GASB 49 which addresses standards for pollution (including contamination) remediation obligations for activities such as site assessments and cleanups. GASB 49 does not include standards for pollution remediation obligations that are addressed elsewhere. Examples of obligations addressed in other standards include pollution prevention and control obligations for remediation activities required upon the retirement of an asset, such as ash pond closure and post-closure care and nuclear power plant decommissioning.

The Authority had recorded $15,000 for pollution remediation liabilities for each of the years ended December 31, 2013 and 2012. The method used to estimate the liabilities consists of weighting a range of possible estimated job cost amounts and calculating a weighted average cost. The weights and estimated costs are developed using professional engineering judgment acquired through years of estimating and completing many pollution remediation projects.

Homeland Security – The Department of Homeland Security (DHS) was established by the Homeland Security Act of 2002, a portion of which relates to anti-terrorism standards at facilities which store or process chemicals. The Authority has been proactive in conducting security assessments at its facilities and will continue to strive to comply with these evolving regulations.

Legal Matters – The Authority has paid approximately $221.6 million, including interest, in settlement of a lawsuit brought by a number of landowners located along the Santee River primarily in Williamsburg and Georgetown Counties, South Carolina. The plaintiffs claimed damage to their real estate as a result of flooding that has occurred since the U.S. Army Corps of Engineers' (Corps) Cooper River Rediversion Project was completed in 1985. The Authority has also paid an additional $10.4 million in costs and attorney fees to the plaintiffs. The Authority submitted a claim seeking indemnification from the Corps on August 30, 2011. The Corps declined to pay the claim and the Authority appealed matter to the Armed Services Board of Contract Appeals (ASBCA). The ASBCA previously had determined that the contract between the Corps and the Authority required the Corps to indemnify the Authority for certain claims arising out of the construction and operation of the project. On February 14, 2013, the ASBCA ruled that the Authority is entitled to indemnification from the Corps in the amount of $234.9 million for costs incurred as a result of the Santee River Litigation. In addition, the ASBCA ruled that the Authority is entitled to interest on the costs pursuant to the Contract Disputes Act, calculated from August 20, 2001 until paid. The Corps has appealed this decision to the United States Court of Appeals for the Federal Circuit. Briefing on the appeal will be complete in the first quarter of 2014 and the Authority expects that the Court of Appeals will render a decision on the appeal in 2014.

In June 2012, several environmental advocacy groups filed suit against the Authority in the Court of Common Pleas in Horry County seeking injunctive relief with regard to closure of ash ponds at the Grainger Generating Station. The suit did not seek damages but alleged that an unlawful discharge of arsenic and other contaminants had occurred and requested that the court order the removal and offsite storage of all ash contained in the ponds. In April 2013, an environmental advocacy group filed suit against the Authority alleging that violations of the federal Clean Water Act had occurred at Grainger Generating Station. The suit did not seek damages but made claims for injunctive relief, civil penalties and costs and attorneys' fees. The Authority settled both suits in November 2013. The settlement did not require the Authority to make any payment to the litigants. The Authority intends to properly close the ash ponds by excavation and beneficial use of the ash in accordance with regulatory requirements.

In May 2013, Horry Cooperative, a member of Central, sued the Authority seeking indemnification for claims in a class action lawsuit brought against Horry Cooperative by certain of its customers. The customers allege mold damage to their homes was caused by vapor barriers installed in accordance with the Authority's energy efficiency recommendations. Horry Cooperative's complaint alleges the Authority knew the vapor barrier could cause moisture problems but failed to disclose the information to Horry Cooperative and failed to advise Horry Cooperative that the vapor barrier should be a recommendation rather than a requirement. The Authority does not yet know the number of customers or the amount of claims involved. The Authority intends to vigorously defend the lawsuit but cannot predict the outcome.

NOTE 11 – RETIREMENT PLAN:

Substantially all Authority regular employees must participate in one of the components of the South Carolina Retirement System (SCRS), a cost sharing, multiple-employer public employee retirement system, which was established by Section 9-1-20 of the South Carolina Code of Laws.

The payroll for active employees covered by the SCRS was as follows:

Years Ended December 31,	**2013**	2012	2011
		(Millions)	
Payroll for Active Employees	**$ 126.9**	$ 125.7	$ 124.4

Vested employees (Class Two Members) who retire at age 65 or with 28 years of service at any age are entitled to a retirement benefit, payable monthly for life. Vested employees (Class Three Members) who retire at age 65 or meet the "rule of 90 requirement" (i.e., the total of the member's age and the member's creditable service equals at least 90 years), are entitled to a retirement benefit, payable monthly for life. The annual benefit amount is equal to 1.82 percent of their average final compensation times years of service. Benefits fully vest on reaching five years of service for Class Two Members and eight years for Class Three Members. Reduced retirement benefits are payable as early as age 60 with vested service or 55 with 25 years of service for Class Two Members. The SCRS also provides death and disability benefits. Benefits are established by State statute.

Effective January 1, 2001, Section 9-1-2210 of the South Carolina Code of Laws allowed SCRS employees eligible for service retirement to participate in the Teacher and Employee Retention Incentive (TERI) Program. TERI participants may retire and begin accumulating retirement benefits on a deferred basis without terminating employment for up to five years. Upon termination of employment or at the end of the TERI period, whichever is earlier, participants will begin receiving monthly service retirement benefits which include any cost of living adjustments granted during the TERI period. Because participants are considered retired during the TERI period, they do not earn service credit or disability retirement benefits. Effective July 1, 2005, TERI employees began "re-contributing" to the SCRS at the prevailing rate. However, no service credit is earned under the new regulations. The group life insurance of one times annual salary was re-established for TERI participants.

Effective July 1, 2012, the TERI program will close for Class Two members (members with effective date prior to July 1, 2012) on June 30, 2018, and it is not available to Class Three members (members with effective date on or after July 1, 2012). TERI will be phased out in a 5-4-3-2-1 format. Members who enter the TERI program after July 1, 2013, will not be eligible to participate for the full five years. TERI participation will end on June 30, 2018, regardless of when a member enters the program.

Article X, Section 16 of the South Carolina Constitution requires that all State-operated retirement plans be funded on a sound actuarial basis. Title 9 of the South Carolina Code of Laws (as amended) prescribes requirements relating to membership, benefits and employee/employer contributions.

All employees are required by State statute to contribute to the SCRS at the prevailing rate (currently 7.50 percent). The Authority contributed 10.45 percent of the total payroll for SCRS retirement. For 2013, the Authority also contributed an additional 0.15 percent of total payroll for group life. The contribution requirements for the prior three years were as follows:

Years Ended December 31,	**2013**	2012	2011
	(Millions)		
From the Authority	**$ 13.3**	$ 12.5	$ 11.7
From Employees	**9.2**	8.5	8.1
The Authority made 100 percent of the required contributions for each of the three years.			

The SCRS issues a stand-alone financial report that includes all required supplementary information. The report may be obtained by writing to: South Carolina Retirement System, P.O. Box 11960, Columbia, S.C. 29211.

Effective July 1, 2002, new employees have a choice of type of retirement plan in which to enroll. The State Optional Retirement Plan (State ORP) which is a defined contribution plan is an alternative to the SCRS retirement plan which is a defined benefit plan. The contribution amounts are the same, (7.50 percent employee cost and 10.45 percent employer cost); however, 5.00 percent of the employer amount is directed to the vendor chosen by the employee and the remaining 5.45 percent is to the Retirement System. As of December 31, 2013, the Authority had 36 employees participating in the State ORP and consequently the related payments are not material.

The Authority also provides retirement benefits to certain employees designated by management and the Board under supplemental executive retirement plans (SERP). Benefits are established and may be amended by management and the Authority's Board and includes retirement benefit payments for a specified number of years and death benefits. The cost of these benefits is actuarially determined annually. Beginning in 2006, these plans were segregated into internal and external funds. The qualified benefits are funded externally with the annual cost set aside in a trust administered by a third party. The pre-2006 retiree benefits and the non-qualified benefits are funded internally with the annual cost set aside and managed by the Authority. A summary of the Authority's SERP activity is as follows:

Years Ended December 31,	**2013**	2012
	(Millions)	
Total cost	**$ 1.1**	$ 1.2
Accrued liability	**5.3**	5.4

V.C. Summer Retirement - The Authority and SCE&G are parties to a joint ownership agreement at the V.C. Summer Nuclear Station. As such, the Authority is responsible for funding its share of pension requirements for the nuclear station personnel. Any earnings generated from the established pension plan are shared proportionately and used to reduce the allocated funding.

As of December 31, 2013 and 2012, the Authority had over-funded its share of requirements by $910,000 and $3.4 million, respectively. This receivable however, is offset by a regulatory liability as required by FASB ASC 715. The balances were approximately $15.0 million and $30.2 million for the unfunded portion of pension benefits at December 31, 2013 and 2012, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2013.

NOTE 12 – OTHER POSTEMPLOYMENT BENEFITS (OPEB):

Vacation / Sick Leave – Full-time employees earn 10 days of vacation leave for service under five years and 15 days of vacation leave for service under 11 years. Employees earn an additional day of vacation leave for each year of service over 10 until they reach the maximum of 25 days per year. Employees earn two hours per pay period, plus 20 additional hours at year-end for sick leave.

Employees may accumulate up to 45 days of vacation leave and 180 days of sick leave. Upon termination, the Authority pays employees for unused vacation leave at the pay rate then in effect. In addition, the Authority pays employees upon retirement 20 percent of their sick leave at the pay rate then in effect.

Plan Description - The Authority participates in an agent multiple-employer defined benefit healthcare plan whereby PEBA provides certain health, dental and life insurance benefits for eligible retired employees of the Authority. The retirement benefits available are defined by PEBA and substantially all of the Authority's employees may become eligible for these benefits if they retire at any age with a minimum of 10 years of earned service or at age 60 with at least 20 years of service. Currently, approximately 734 retirees meet these requirements.

For employees hired May 2, 2008 or thereafter, the number of years of earned service necessary to qualify for funded retiree insurance is 15 years for a one-half contribution, and 25 years for a full contribution. PEBA may be contacted at: Retirement Benefits, PO Box 11660, Columbia, S.C. 29211-1960.

Funding Policy - Prior to 2010, the Authority used the unfunded pay-as-you-go option (or cash disbursement) method pursuant to GASB 45 to record the net OPEB obligations. During 2010, the Authority elected to adopt an advanced or pre-funding policy and established an irrevocable trust with Synovus Trust Company. This method of funding will eventually result in lower contributions over time compared to the prior pay-as-you-go funding policy.

Annual OPEB Cost - The Authority's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB 45. The ARC represents a level of funding that is projected (if paid on an on-going basis) to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's contribution towards ARC is equal to the actual disbursements during the year for health care benefits for retired employees plus annual funding amounts for the trust. The Authority's annual OPEB cost (expense) for the current year was as follows:

Year Ended December 31,	**2013**	2012
	(Thousands)	
Annual required contribution	**$ 11,687**	$ 10,172
Interest on OPEB obligation	**513**	652
Adjustment to ARC	**(442)**	(563)
Annual OPEB cost	**11,758**	10,261
Net estimated employer contributions	**(11,302)**	(12,795)
Increase (decrease) in net OPEB obligation	**$ 456**	$ (2,534)
Net OPEB Obligation - beginning of year	**$ 9,325**	$ 11,859
Net OPEB Obligation - end of year	**$ 9,781**	$ 9,325

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending December 31, 2013 and the preceding two fiscal years were as follows:

Years Ended December 31,	**Annual OPEB Cost**	**Employer Amount Contributed**	**Net OPEB Obligation**	**Percentage Contributed**
	(Thousands)			(%)
2011	$ 9,841	$ 12,396	$ 11,859	126.0
2012	10,261	12,795	9,325	124.7
2013	**11,758**	**11,302**	**9,781**	**96.1**

Funded Status and Funding Progress - The funded status of the Authority's retiree health care plan under GASB 45 as of December 31, 2012, the latest actuarial study date, is as follows:

Required Supplementary Information - Schedule of Funding Progress					
Actuarial Value of Assets (a)	**Actuarial Accrued Liability (AAL) (b)**	**Annual Covered Payroll (c)**	**Unfunded AAL (UAAL) (b) - (a)**	**Funded Ratio (a / b)**	**Ratios of UAAL to Annual Covered Payroll (b-a)/(c)**
(Thousands)				(%)	
$ 27,829	**$ 170,040**	**$ 113,683**	**$ 142,211**	**16.4**	**125.1**
Note: As of December 31, 2013, the OPEB trust had assets of $32.9 million.					

The required schedule of funding progress presented as required supplementary information provided multi-year trend information that shows whether the actuarial value of plan assets is increasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions - The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the Authority's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members, as well as to amortize a portion of the unfunded accrued liability.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the Authority's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Projections of health benefits are based on the plan as understood by the Authority and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions	
Inflation rate	3.00% per annum
Investment rate of return	5.50% net of expenses
Actuarial cost method	Projected Unit Credit Cost Method
Amortization method	Level as a percentage of employee payroll
Amortization period	30 year, open amortization
Payroll growth	3.00% per annum
Medical trend:	
Initial	7.00%
Ultimate	4.50% after 10 years
Drug trend:	
Initial	7.25%
Ultimate	4.50% after 10 years

V.C. Summer OPEB - The Authority is responsible for funding its share of OPEB costs for nuclear station employees. The Authority's liability balances as of December 31, 2013 and 2012 were approximately $10.1 million and $9.5 million, respectively.

In accordance with FASB ASC 715, the Authority had recorded a regulatory asset and liability of approximately $2.6 million and $5.3 million for the unfunded portion of OPEB costs at December 31, 2013 and 2012, respectively. Additional information may be obtained by reference to the SCANA Corporation Annual Report on Form 10K as filed with the Securities Exchange Commission as of December 31, 2013.

NOTE 13 - CREDIT RISK AND MAJOR CUSTOMERS:

In 2013, the Authority had one customer that accounted for more than 10 percent of the Authority's sales:

Customer:	**2013**	2012
	(Millions)	
Central	**$ 1,038**	$ 1,115

The Authority maintains an allowance for uncollectible accounts based upon the expected collectability of all accounts receivable. The allowance at each year ended December 31, 2013 and 2012 was $1.3 million.

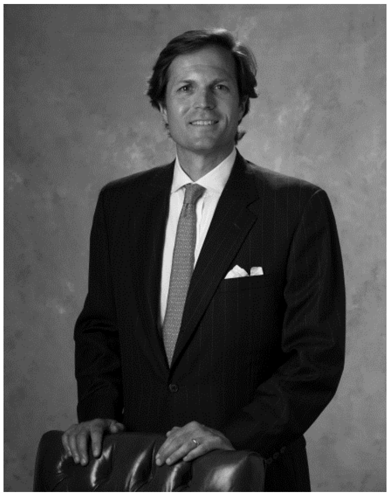
NOTE 14 – SUBSEQUENT EVENT(S):

In conjunction with the preparation of these financial statements the Authority has evaluated subsequent events through February 21, 2014, the date the financial statements were available for issuance, and had the following to report:

- On January 27, 2014, the Authority's Board of Directors approved the sale of five percent of its ownership in V.C. Summer Units 2 and 3 to South Carolina Electric & Gas (SCE&G). Under the terms of the new agreement, SCE&G will own 60 percent of the new nuclear units and the Authority, 40 percent. Under the existing ownership agreement, SCE&G owns 55 percent and the Authority owns 45 percent. The five percent ownership interest would be acquired in three stages:
    (1) one percent at the commercial operation date of the first new nuclear unit, anticipated to be in the second quarter of 2018;
    (2) two percent no later than the first anniversary of such commercial operation date; and
    (3) two percent no later than the second anniversary date of such commercial operation date.

  The Agreement also provides that the Authority will not transfer any of its remaining ownership interest in the two new units until after the commercial operating date for both units.

BOARD OF DIRECTORS



W. Leighton Lord III*
Chairman
At Large
Columbia, S.C.

Partner in Nexsen Pruet law firm in Columbia.

William A. Finn
1st Vice Chairman
1st Congressional District
Charleston, S.C.

Chairman of AstenJohnsen, Inc., a specialty textile company for the printing and papermaking industries based in Charleston, S.C.

Barry D. Wynn
2nd Vice Chairman
4th Congressional District
Spartanburg, S.C.

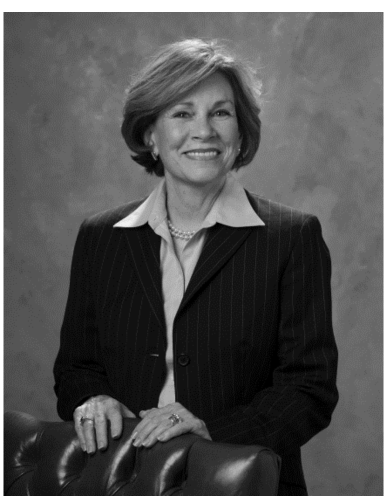
President of Colonial Trust Co., a private trust company specializing in investment management and estate services.

Kristofer Clark
3rd Congressional District
Easley, S.C.

Senior Director of Operations for The Cliffs Management Service, LLC and owner of Pristine Properties, LLC.

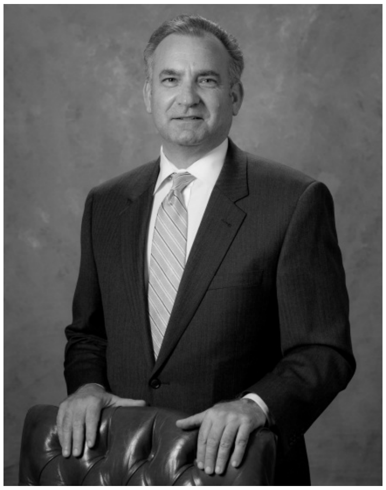
J. Calhoun Land IV
6th Congressional District
Manning, S.C.

Partner in Land, Parker and Welch, a general practice Manning law firm.



Peggy H. Pinnell
Berkeley County
Moncks Corner, S.C.

Owner of State Farm Insurance Agency, Moncks Corner.



David F. Singleton
Horry County
Myrtle Beach, S.C.

President of Singleton Properties, Inc., real estate investment and sales firm.

Cecil E. Viverette
At Large
Hilton Head Island, S.C.

Retired President and CEO of Rappahannock Electric Cooperative in Virginia.

* The South Carolina Senate confirmed Leighton Lord as chairman in June 2013. He previously served as the representative from the 2nd Congressional District. The 2nd District seat is vacant.

NOTES:
Director David A. Springs, who represented Georgetown County, died in October 2013. His seat is vacant.

Director James R. Sanders Jr., 5th Congressional District representative on the board, resigned effective December 31, 2013, for health reasons. That seat is vacant.

South Carolina received a 7th Congressional District in 2013, and the Authority gained a 12th board seat at that time. That seat has not been filled.

Advisory Board

Nikki Haley
Governor

Alan Wilson
Attorney General

Mark Hammond
Secretary of State

Richard A. Eckstrom
Comptroller General

Curtis M. Loftis Jr.
State Treasurer

Executive Management

Lonnie N. Carter	*President and Chief Executive Officer*
James E. Brogdon Jr.(1)	*Executive Vice President and General Counsel*
Rennie M. Singletary III(2)	*Executive Vice President of Corporate Services*
Jeffrey D. Armfield(3)	*Senior Vice President and Chief Financial Officer*
Robert B. Fleming Jr.	*Senior Vice President, Power Delivery*
L. Phil Pierce	*Senior Vice President, Generation*
Marc R. Tye	*Senior Vice President, Customer Service*

Management

S. Thomas Abrams	*Vice President, Planning and Power Supply*
Michael C. Brown	*Vice President, Wholesale and Industrial Services*
Michael R. Crosby(4)	*Vice President, Nuclear Operations and Construction*
Glenda W. Gillette	*Vice President and Controller*
Jane H. Hood(5)	*Vice President, Fuels Strategy and Supply*
Thomas L. Kierspe	*Vice President, Environmental, Property and Water Systems Management*
Richard S. Kizer	*Vice President, Public Affairs*
J. Michael Poston	*Vice President, Retail Operations*
Suzanne H. Ritter	*Vice President, Corporate Planning and Treasurer*
Laura G. Varn(6)	*Vice President, Human Resource Management*
Elizabeth H. Warner	*Vice President, Legal Services and Corporate Secretary*
Pamela J. Williams(2)	*Vice President, Administration*

Auditor

Kenneth W. Lott III(7)	General Auditor

(1) James E. Brodgon Jr. will retire June 30, 2014. His replacement had not been named at press time.
(2) Rennie M. Singletary III will retire April 30, 2014. Pamela J. Williams will become Senior Vice President, Corporate Services effective May 1, 2014.
(3) Jeffrey D. Armfield was named Senior Vice President and Chief Financial Officer effective July 1, 2013.
(4) Michael R. Crosby will become Senior Vice President, Nuclear Energy effective May 1, 2014.
(5) Jane H. Hood was named Vice President, Fuels Strategy and Supply, effective July 1, 2013.
(6) Laura G. Varn was named Vice President of Human Resource Management effective July 1, 2013.
(7) Kenneth W. Lott III was named General Auditor, effective December 9, 2013.

OFFICE LOCATIONS

CAROLINA FOREST TOWN CENTRE CITY OFFICE
3990 River Oaks Drive
Myrtle Beach, SC 29579
843-946-5950
843-903-1333 Fax

CONWAY OFFICE
100 Elm Street
Conway, SC 29526
843-248-5755
843-248-7315 Fax

LORIS OFFICE
3701 Walnut Street
Loris, SC 29569
843-756-5541
843-756-7008 Fax

MONCKS CORNER OFFICE
SANTEE COOPER HEADQUARTERS
One Riverwood Drive
Moncks Corner, SC 29461
843-761-4060
843-761-4122 Fax

MYRTLE BEACH OFFICE
1703 Oak Street
Myrtle Beach, SC 29577
843-448-2411
843-626-1923 Fax

MURRELLS INLET/GARDEN CITY OFFICE
900 Inlet Square Drive
Murrells Inlet, SC 29576
843-651-1598
843-651-7889 Fax

NORTH MYRTLE BEACH OFFICE
1000 2nd Avenue North
North Myrtle Beach, SC 29582
843-249-3505
843-249-6843 Fax

PAWLEYS ISLAND OFFICE
126 Tiller Road
Pawleys Island, SC 29585
843-237-9222
843-237-8959 Fax

ST. STEPHEN OFFICE
1172 Main Street
St. Stephen, SC 29479
843-567-3346
843-567-4709 Fax